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ABSTRACT

This report describes the funding of vocational education and training (VET) between 1986 and 1998. In Spain, VET is governed by many laws and agreements between the government and social partners. Spain receives structural funds through the European Social Fund (ESF) and European Regional Development Funds (ERDF). Financing of initial vocational training (regulated vocational training and social guarantee programs) is entirely direct. Regulated vocational training is funded by the Ministry of Education and Culture (MEC), divisions or departments of the autonomous communities, local authorities, private funds, and structural funds. Social guarantee programs are funded by MEC, autonomous communities, non-profit institutions, and ESF. All workers have access to training through two national continuing training agreements (ANFCs). Created by the ANFC signatories, the Foundation for Continuing Training (FORCEM) supplies financial support for the following training activities: training plans, individual training leave, and complementary and follow-up measures to training. Continuing training is funded by a training levy, ESF, and private contributions. Unemployed persons participate in National Vocational Training and Occupational Integration Plan (Plan FIP), training workshops/crafts training center programs, and European Union (EU) employment initiatives funded from the levy and ESF. A third reform of the objectives of the EU's structural funds will lead to considerable changes in Spain, since the volume of resources from the structural funds will decline. (Appendixes include a glossary of abbreviations and 27-item bibliography.) (YLB)

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The financing of vocational education and training in Spain

Financing portrait

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The financing of vocational education and training in Spain

Financing portrait

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Foreword by

Sarah Elson-Rogers/Sven-Åge Westphalen

At the end of 1997, CEDEFOP launched a project to produce financing portraits of the vocational education and training (VET) systems within the individual Member States of the European Union. The portraits combine a qualitative description of the flow of funding through the VET structures, identifying the funding sources and allocation mechanisms, with quantitative data on expenditure for different training types. The reports are structured around initial vocational training, continuing vocational training and training for unemployed people. In recognition of the increasing overlap among these training types, some of the reports include an extra section on combined forms of training.

At the outset of the project, CEDEFOP asked the individual national authors to follow a uniform structure for the presentation of their financing training systems. This structure centred on the following issues:

- outlining the economic, political, legal and administrative background to the financing of the VET system;
- defining the different types of training according to the national context;
- identifying the funding sources (e.g. central government, regional/local government, employers, individuals, etc.);
- explaining the mechanisms for the distribution of funding;
- identifying the expenditure levels over 10 years (1986-96 or the most recently available years);
- concluding and discussing the trends and perspectives of the financing VET system.

The authors were requested, where possible, to distinguish between private/public and direct/indirect funding sources and to identify capital and revenue funding. They were also asked to provide a breakdown of expenditure according to the different sources of funding for each training type over a ten-year period.

While defining a common structure for each report allows for broad comparisons between the different systems and easier cross-referencing between the reports, it does not allow for detailed trans-national comparisons. It was acknowledged at the outset of this project that creating comparable reports would not be possible for a number of reasons, including:

- Training definitions: initial vocational training, continuing vocational training and training for unemployed people means something different within individual national contexts. While creating a 'standard' definition of each training type would have facilitated comparability, it would have complicated the process of gathering and presenting data. For this reason, each author was requested to use a nationally-based definition.

- Data: there are a number of general obstacles to obtaining comparable data, for example: the lack of common definitions, different national accounting procedures and the problems of identifying expenditure where funding sources are diverse and estimates are based on surveys. More specific obstacles include the difficulty of aggregating data where funding is decentralised and estimating indirect sources of expenditure.

A number of barriers to achieving even basic common parameters arose as the work developed. Among others, these included:

- The increasing overlap between the traditional training categories. In some countries the division between the different training types is not as strict as in others. This means that some artificial divisions have had to be drawn by some of the authors, for example, between academic and vocational training. While this overlap may be, in part, the result of a general policy aim to level parity of esteem, it creates challenges in disaggregating data to identify expenditure on the vocational element. The notion of Lifelong Learning also has implications for creating more coherent training structures which include a wider range of learning activities. It is often difficult to identify and measure expenditure data on training that takes place outside of the formal structure.
- The complexity of financing training structures due to the number of different funding sources and mechanisms for financing VET. For example, levels of expenditure on indirect demand-side mechanisms such as tax incentives are often difficult to identify. More fundamentally, this general complexity is enhanced in those countries where there is no national structure for training, i.e. where local governments have autonomy for financing training.
- The number of recent reforms to the financing VET system blur data comparability over time within individual Member States. The newness of many of these reforms means that there is often a lack of stringent evaluation according to efficiency, effectiveness and equity criteria.

There was no ideal way to create common criteria for the structure of this series of reports. There is a certain trade-off between attaining a common structure and reflecting the nuances of the individual national training systems. Nevertheless, this first set of portraits does serve to highlight many of the complexities involved with the financing of vocational education and training across the European Union. We hope you find the portraits informative and welcome your comments.

We would like to thank Dr Esteve Oroval (University of Barcelona) and Dra. Teresa Torres Sole (University of Lleida), who prepared this portrait on the financing of vocational education and training in Spain. We also acknowledge that there has been a delay in publication due to translation problems and that most of the final draft of the Spanish report was completed at the end of 1998.

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Preface by the authors

This report describes the structure of the system for the financing of vocational training in Spain, in terms of initial, continuing and training for unemployed people. It identifies and analyses the various sources of financing and the methods and mechanisms for allocating funds. The report also presents some figures on the amounts allocated to vocational education and training.

There have been a number of difficulties in fulfilling this work including the existence of different training systems with diverse funding sources and the coexistence of central and regional administrations. Despite this, an effort has been made to present the information and data in a clear and comprehensible form.

When interpreting the information and the data presented, the definitions of training, as they are applied here, should be kept in mind:

- initial vocational training: full-time training, after completing compulsory schooling, which aims to prepare pupils for work in a professional field;
- continuing vocational training: this covers the aggregate of all training activities undertaken by companies, workers or their respective organisations, aimed at improving skills/qualifications and retraining for persons in employment;
- training for unemployed people: this is defined as training for people currently excluded from the labour market, aiming to provide them with adequate, relevant professional knowledge and skills to occupy specific posts according to the requirements of the labour market and offers from companies.

The ESP-ECU exchange rate used throughout this report is ECU 1 = ESP 167. As much of the data pre-dates the introduction of the Euro, the ECU value has been used. Since January 1999, the ESP-EUR exchange rate has been set at EUR 1 = ESP 166.386.

Most drafting of this study in Spanish was completed in July 1998. A team of specialists participated in the preparation of the report, carrying out a broad bibliographical review and holding meetings with the various bodies involved in, and associated with, the financing of vocational education and training. These bodies included the Ministry of Education and Culture[1] (*Ministerio de Educación y Cultura – MEC*),[2] the National Employment Institute (Instituto Nacional de Empleo – *INEM*), the social partners and the Foundation for Continuing Training (Fundación para la Formación Continua – *FORCEM*).

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[1] Before 1986, the Ministry of Education and Culture was called the Ministry of Education and Science. In order not to confuse the reader only the term Ministry for Education and Culture is used.

[2] A full glossary of acronyms and terms in both English and Spanish is provided in Annex 1 of this report.

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We would like to express our gratitude to all institutions and persons who made it possible to produce this report, including Sarah Elson-Rogers who reviewed and edited earlier drafts.

Dr Esteve Oroval and Dra Teresa Torres
With the collaboration of Mr Francesc Colomer
Barcelona, July 1999.

Part 1 Background information

1.1 Economic background

Over the past 10 years, gross domestic product (GDP) has tended to increase. These increases were highest in percentage terms between 1988 and 1991. Between 1992 and 1994 GDP increased at a lower rate. The level of growth decreased during 1996 and 1997 but increased by 3.7% in the first quarter of 1998.

Table 1 Gross domestic product at factor cost, 1986-97 (ESP million, current), and in market price, 1988-97 (% variation)

	GDP at factor cost [1]	GDP in market price (% variation) [2]
1986	29 506 288	
1987	33 013 278	
1988	36 875 242	5.65
1989	41 282 631	7.09
1990	46 058 391	7.31
1991	50 490 851	7.11
1992	53 974 ,202	6.87
1993	56 498 017	4.34
1994	59 753 236	3.98
1995	64 459 409	4.81
1996	67 684 334	3.12
1997	71 215 000	2.25

[1] *Source*: National Accounts, National Statistical Institute.

[2] *Source*: Banco Bilbao Vizcaya.

The most dynamic sector in 1997 was the industrial sector, which grew by 5.1% (the highest level of growth since the early 1970s), followed by the services sector with 3.1% growth, although the service sector accounts for 55% of total GDP. The construction sector contributed 1% to GDP, while the primary (agricultural) sector registered a decline of 1.3%.

During the first quarter of 1998, Spanish GDP accelerated to 3.7%. Industry continued its strong growth with a quarterly increase of 5.3%, accompanied by dynamic growth in the construction sector. The service sector registered a moderate slow-down with a contribution of 2.9%. The primary sector continued on its downward path with a negative contribution of 2.5% to GDP.

Table 2 GDP by production sectors (thousand million ESP of 1986)

Sectors	1996	1997	Real variation rate (%)	
			1997	1st quarter 1998
Agriculture	1 932.7	1 908.4	-1.3	-2.5
Industry	11 732.3	12 328.6	5.1	5.3
Construction	3 033.3	3 064.8	1.0	4.5
Services	23 524.1	24 257.1	3.1	2.9
Value added tax and import tax	2 423.7	2 538.4	4.7	3.4
GDP p.m.	42 646.2	44 097.2	3.4	3.7
ECU million	255.35	264	-	-

Source: National Statistical Institute (*INE*). ECU 1 = ESP 167, according to the official rate of the Bank of Spain in July 1998.

Domestic demand was the prime motor of growth; it rose by 2.7% in 1997 and 4.1% in the first quarter of 1998, thus compensating for the decline in overseas demand. The largest share of demand was to be found in the growth of investment (4.7% increase throughout 1997 and 8.8% in the first quarter of 1998).

Table 3 Macroeconomic aggregates (%)

	1997	1st quarter 1998
Private consumption	3.1	3.5
Government consumption	0.7	0.0
Gross fixed capital formation	4.7	8.8
Current variations	-0.4	0.0
Domestic demand	2.7	4.1
Exports of goods and services	12.9	14.1
Imports of goods and services	10.1	14.9

Source: INE.

Positive growth in the Spanish economy is offset by some economic imbalances, such as levels of inflation, public debt, balance of payments and the high unemployment rate.

Inflation in 1997, at a level of 2.2%, was the lowest in the last 35 years. The process of deflation started in 1996 mainly due to the considerable reduction in industrial and agricultural prices. During the first quarter of 1998 the consumer price index maintained an annual variation of 1.8%.

Table 4 Annual growth rates of prices, 1986-97

Year	Price growth rates	Year	Price growth rates
1986	8.8	1992	5.9
1987	5.2	1993	4.6
1988	4.8	1994	5
1989	6.8	1995	4.4
1990	6.7	1996	3.3
1991	5.9	1997	2

Source: INE.

Despite the decline in inflation, there remains a disparity between EU prices and prices in Spain. The harmonised consumer price index in April 1998 in the EU was 1.6%, i.e. two decimal points lower than the level in Spain.

The second economic imbalance was the level of public debt which, in 1997, amounted to 68.8% of GDP as against 70.1% of GDP in 1996. These levels are being progressively reduced.

Table 5 Public debt (1988-97 as a % GDP)

	Spain	EUR-11		Spain	EUR-11
1988	41.4	57.0	**1993**	60.0	67.5
1989	42.9	57.3	**1994**	62.6	69.7
1990	44.8	58.8	**1995**	65.5	72.8
1991	45.5	59.1	**1996**	70.1	75.2
1992	48.0	62.5	**1997**	68.8	75.2

Source: OECD, *Economic Outlook*, No 62.

In 1997, for the third consecutive year, both the current account and capital balances were in surplus. In the first four months of 1998, however, there was a slow-down in foreign trade, more marked in exports than imports, which led to a reduction in the current account surplus. In April 1998 the capital account grew 5.8% compared with the same period in the previous year.

With regard to the labour market, employment creation has led to a reduction of unemployment although the level remains high. According to the Spanish workforce survey (*Encuesta de Población Activa – EPA*), the workforce grew by 368 000 in 1997 (equivalent to an annual growth rate of 3%). The average number of people unemployed was estimated at 3 350 000, a 5.7% reduction compared with the previous year. The National Institute for Employment (*Instituto Nacional de Empleo – INEM*) recorded a higher fall in unemployment (6.9%) for 1997, giving a rate of 12.8%.

In the first quarter of 1998, employment continued to rise through the net creation of 415 000 jobs. This improvement is most marked for salaried staff, mostly in the private sector, and has been accompanied by a decline in self-employment.

Table 6 Trend in the labour market (thousands of persons)

	1997	1st quarter 1998
Work force survey – *EPA*		
Working population	16 121.2	16 164.1
Employed population	12 764.6	12 991.6
Unemployed	3 356.5	3 172.5
Unemployment rate*	20.8%	19.6%
INEM		
Unemployed	2 075.7	1 967.9
Unemployment rate	12.8%	12.1%

Source: National Institute for Employment (*INEM*) and National Statistical Institute (*INE*).

* The difference between the *EPA* and *INEM* rate is due to different data collection methodology. The *EPA* rate is based on a sample survey undertaken every 3 months, whereby the *INEM* rate is based on the number of people registered as unemployed.

Table 7 Unemployment rate and working rate, 1986-97

Year	Unemployment rate	Working rate
1986	20.49	58.86
1987	19.97	59.72
1988	18.96	60.15
1989	16.78	60.52
1990	15.77	61.25
1991	15.84	60.99
1992	17.85	60.78
1993	22.07	60.91
1994	23.48	61.10
1995	22.54	60.72
1996	22.19	60.71
1997	20.82	61.18

Unemployment rate of the population aged 16 to 64 and employment rate of the working population.

Source: Banco Bilbao Vizcaya (1998). *Informe Económico* 1997.

1.2 Political background

With the adoption of the Spanish Constitution on 31 October 1978, a process of public sector decentralisation was initiated which led to a State composed of regional autonomous communities (ACs). From then on, the public sector had three levels of

government: central, autonomous regional and local. As a result, central government declined in importance in the overall structure of the public sector, to the benefit of the subcentral administrations: regional and local governments.[3]

The regional governments of the autonomous communities (*Communidades Autónomas*) can be divided into three types: communities with special privileges (the Basque country and Navarra), those with a common regime (Article 151 of the Constitution), with responsibilities for education and health, and communities under Article 143 of the Constitution, most of which have no responsibilities in the fields of education[4] and health. There are different levels of competence, therefore, which influence the flow of financial resources. Article 151 ACs contribute a large part of their budgets to education and training, unlike Article 143 ACs, where the central Ministry of Education and Culture is responsible.

Table 8 Classification of the autonomous communities (ACs)

ACs with a common regime:		**ACs with special privileges**
Article 143:	**Article 151:**	
Asturias	Andalusia	Navarra
Cantabria	Canaries	Basque country
Madrid	Catalonia	
Murcia	Galicia	
La Rioja	Valencia	
Aragon		
Balearic islands		
Extremadura		
Castilla-Leon		
Castilla La Mancha		

Source: Compiled by author.

The autonomous communities listed in Article 151 and the communities with special privileges are responsible for initial vocational training and training for unemployed people, but not for continuing vocational training. Central government is responsible for initial training and training for unemployed people in the Article 143 communities and for continuing training in all autonomous communities, although it has transferred its competence for continuing vocational training to the social partners.

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[3] Central government accounted for approximately 90% of public sector funding during 1977-78 when the transition began; at present it accounts for 63-65%, a percentage which varies because the process is still under way. Every year powers and responsibilities are being transferred to the autonomous communities. The process of decentralisation has been less intensive at local level.

[4] In these autonomous communities educational matters are directly administered by the Ministry of Education and Culture (*MEC*) within the central administration. The responsibility for education and initial training, however, will be devolved to a number of the 143 communities in the near future. During 1998 Aragon, La Rioja and the Balearic Islands became responsible for education.

1.3 Legal background

In Spain, vocational education and training is governed by a number of laws and agreements between the government and social partners. These are outlined below in chronological order since 1978. The Spanish Constitution, in Chapter III of Title I (the guiding principles of social and economic policy) requires public authorities to promote a policy which will guarantee vocational training and re-training for all citizens (Article 40.2).

- **National Institute for Employment** (*INEM – Instituto Nacional de Empleo)*
  The National Institute for Employment was established by Royal Decree 36/1978, although its organisational structure was not laid down until Royal Decree 1458/1986. *INEM* is an autonomous body under the Ministry of Labour and Social Affairs (*MTAS*) responsible for the administration of employment policy set by central government. It is responsible for employment promotion, training for unemployed people and unemployment benefit. Each province of Spain has a Regional Directorate of *INEM*.

- **Statute of Workers** (*Estatuto del Trabajador)*
  The Statute of Workers (Law 8/1980 of 10 March 1980) includes, as one of basic worker rights (Chapter I of Title I), the right to vocational training at work (Article 4(2)(b)). The same terms are included in Royal Legislative Decree 1/1995 approving the revised law on the Statute of Workers.

- **Basic Law on Occupation** (*Ley Básica de Ocupación)*
  Since 1980, the Basic Law on Occupation (Law 51/80, of 8 October 1980) requires the National Employment Institute (*INEM*) to establish a vocational training programme, both for unemployed people and for first-time jobseekers. Article 14 of the Law provides: 'With respect to the programmes for the promotion of employment, *INEM* shall draw up an annual programme for occupational vocational training which shall provide appropriate vocational training for persons who wish to join the world of work or wish to retrain or reach a higher level of professional specialisation free of charge.'

- **National vocational training and occupational integration plan**
  (*Plan Nacional de Formación y Inserción Profesional – Plan FIP)*
  The 'national training and occupational integration plan' (*Plan FIP*) was established by central government agreement of 30 April 1985 to coordinate training for unemployed people. In principle, *Plan FIP* also includes continuing training activities but, since 1992, when the first 'national continuing training agreement' (Acuerdo Nacional de Formación Continua – *ANFC*) was signed (see following paragraphs), it covers only training for unemployed people.

  In 1985, when *Plan FIP* was adopted, central government was responsible for training for unemployed people throughout Spain except in the communities with special privileges; it has gradually transferred this competence to the Article 151 communities. Central government, at present, retains competence for training unemployed people in the communities listed in Article 143.

- **Economic and Social Agreement** (*Acuerdo Económico y Social – AES)* and the **National Vocational Training Programme** *(Programa Nacional de Formación Profesional)*
  In October 1984, the nationwide 'economic and social agreement' (*AES*) between the government, the Spanish Confederation of Employers' Organisations (*CEOE – Confederación Española de Organizaciones Empresariales*), the Spanish Confederation of Small and Medium-sized Enterprises (*CEPYME – Confederación Española de la Pequeña y Mediana Empresa*) and the General Workers' Union (*UGT – Unión General de Trabajadores*) was signed. This agreement contained common positions and tripartite commitments between the social partners and government on the need to adapt vocational education to new requirements of the labour market, especially the importance of vocational training in overcoming labour market shortages in Spain.

  Within the 'economic and social agreement' (*AES*) a General Council for Vocational training *(Consejo General de Formación Profesional)* was created. This is a nationwide tripartite body set up by Law 1/1986 (see below). The Council, intended to be a consultative body advising the government, institutionalised the participation of the social partners, thus recognising their commitment and joint responsibility for vocational training. At the same time, it was decided that the government would adopt a 'national vocational training programme' drawn up by the General Council for Vocational training.

- **Organic Law on the General Regulation of the Education System** (*LOGSE – Ley Ordenación General del Sistema Educativo)*
  The Organic Law of 3 October 1990 on the General Regulation of the Education System (*LOGSE*) reformed the education and initial training systems in Spain, as it was believed that the law of 1970 had not created an adequate IVT system.

- **National continuing training agreements** (*ANFC – Acuerdo Nacional de Formación Continua*)
  In December 1992 the 'national continuing training agreement' (*ANFC*) was concluded between, at first, the General Workers' Union (*UGT – Unión General de Trabajadores*), the Workers Trade Union (*CO – Comisiones Obreras*) and the Galician Trade Union Confederation (*CIG – Confederación Intersindical Gallega*) on the one side and the Spanish Confederation of Employers' Organisations (*CEOE*), the Spanish Confederation of Small and Medium-sized Enterprises (*CEPYME*) on the other. The purposeof the *ANFC* was to initiate a new phase in continuing training in enterprises throughout Spain.

  On 19 December 1996, when the first *ANFC* had expired, the government, the *CEOE*, the *CEPYME*, the *UGT*, the *CO* and the *CIG* signed the second national continuing training agreement applicable throughout Spain. The agreement came into force on 1 January 1997 and will expire on 31 December 2000.

The signatory parties to the second *ANFC* agreed that the organisation, management, distribution of funds and implementation of training activities should be in the hands of the social partners acting through a joint body. The parties signing the *ANFC* therefore set up a national, legally recognised body called the Foundation for Continuing Training (*Fundación para la Formación Continua – FORCEM*). In addition, a Joint State Commission for Continuing Training (Comisión Mixta Estatal de Formación Continua) was established to monitor the regulatory provisions of the *ANFC* and to evaluate the effectiveness of the training provided.

- **General Council for Vocational Training** (*Consejo General de Formación Profesional*)
  This was created by Law 1/1986. After appeals to clarify its role, the functions of the council were altered by Law 19/1997. This law partially amends the composition of the council enabling the participation of the autonomous communities in order to coordinate the planning and implementation of the three vocational training sub-systems (initial and continuing training and training for unemployed people) with the different administrative bodies.

- **National vocational training programme** (*Programa Nacional de Formación Profesional*)
  This was approved by the General Council for Vocational Training on 3 February 1993 and subsequently (following a proposal from the Ministry of Education and Culture and the Ministry of Labour and Social Affairs) by central government council of ministers on 5 March 1993. When the first national vocational training programme came to an end on 18 February 1998, the General Council for Vocational Training approved and submitted the second programme to central government. The first programme assisted the Council in its task of integrating the three separate vocational training subsystems. This task will be furthered through the second programme.

- **Employment plan** (*Plan de Empleo*)
  On 2 April 1998, central government adopted the 'employment plan' as a means to generate employment. One of its objectives is to increase the volume of budgetary resources allocated to vocational education and training. Of the ESP 995 000 million (ECU 5 958.08 million) earmarked for 1998, most is assigned to training (ESP 759 400 million – ECU 4 547.3 million). The purpose is to implement the agreements of the Luxembourg European Council on Employment (20-21 November 1997) to provide, within a period of five years, employment opportunities for young people (under 25) before they have been unemployed for six months, and for all other unemployed persons before they have been unemployed for one year.

  The plan foresees an increase in the volume of training, vocational guidance and job-support actions. Its objectives include the training and guidance of 40 000 disabled people, 360 000 young people and 592 000 long-term unemployed adults each year: a total of 992 000.

1.4 Institutional and administrative framework

1.4.1 The education and initial training system

This is governed by Law 1/1990 (*LOGSE*)and is administered and funded by the Ministry of Education and Culture (*MEC – Ministerio de Educación y Cultura*) and the autonomous communities to whom this competence has been transferred (those covered by Article 151 and those with special privileges). The education and initial training system is financed by the aforementioned bodies as well as through EU structural funds and private funding.

Initial training comprises:

- regulated vocational training for youth and adults (including vocational training for first-time jobseekers who lack academic and/or professional qualifications and general basic training for the working population, whether employed or unemployed to complete other training programmes);
- social guarantee programmes (*PGS – Programa de Garantía Social*) for the school-age population who lack academic and/or professional qualifications.

1.4.2 Continuing training for employed people

This is governed by the national continuing training agreement (*ANFC – Acuerdo Nacional de Formación Continua*) and is administered by the Foundation for Continuing Training (*FORCEM – Fundación para la Formación Continua*). The Spanish social partners are responsible for the implementation of the *ANFC* through *FORCEM*.

Continuing training is funded by a training levy on companies and workers (0.7% of the total payroll of an enterprise) and is earmarked partly for continuing vocational training and partly for training for unemployed people (see below). The levy is collected with social security contributions and flows into the Public Treasury (*Tesoro Público*) where it is consolidated in government revenue and is allocated through the general state budget (*Presupuesto General del Estado*) to the Ministry of Labour and Social Affairs (*MTAS*), which transfers it to *INEM*. *INEM* is entrusted annually with the transfer of the continuing training share to *FORCEM*. A further source of funding are the EU structural funds (see 1.5 below).

Continuing training for employed people refers to in-company training and to investment in, and strategies for, the appropriate use of human resources; it is also a means of promoting employment and developing personal opportunities.

1.4.3 Training for unemployed people

This is regulated by the national vocational training and occupational integration plan (*Plan Nacional de Formación y Inserción Profesional – Plan FIP* – see legal background) and the public employment training programme for training workshops and crafts training centres (*Programa Público de Empleo – Formación de Escuelas Taller y Casas de Oficio*). Training for unemployed people is administered by the Ministry of Labour and Social Affairs (*MTAS*)[5] through the National Employment Institute (*INEM*) in the Article 143 autonomous communities. The other autonomous communities (those with special privileges and Article 151 communities) have competence in this field.

Training for unemployed people is funded through *Plan FIP* which comprises two main sources: the training levy contribution and the European Social Fund (ESF). As described at 1.4.2, the training levy is earmarked partly for vocational training for unemployed people and partly for continuing vocational training (see above). The contribution is collected with social security contributions and is allocated through the general state budget to the Ministry of Labour and Social Affairs, which transfers it to *INEM*.

Funding for training workshops and crafts training centre programmes comes from the share of levy contributions allocated to the Ministry of Labour and Social Affairs, via *INEM*, ESF funds and the organisation running the training workshop or the crafts training centre.

The framework of *Plan FIP* provides for the following types of training:

- vocational training for unemployed persons receiving unemployment benefits;
- vocational training for unemployed persons who have previously worked (young people or persons above the age of 25 who have been unemployed for a long time);
- vocational training for persons with specific work-entry difficulties (disabled people, migrants and other disadvantaged groups).

The framework of the for training workshops and crafts training centres programmes is targeted at:

- vocational training for first-time jobseekers below the age of 25 without a professional qualification and not included in the social guarantee programmes (*PGS*).

[5] Until 1986, the Ministry of Labour and Social Affairs was known as the Ministry of Labour and Social Security. The Ministry of Labour and Social Affairs is the term used throughout the report for ease.

1.4.4 Summary of institutional, administrative and funding structure

Table 9 Competent authority and administrative bodies for vocational education and training in Spain

	Initial training	Occupational training	Continuing training
Competence			
Article 143 ACs	Central Administration	Central Administration	Social partners
Article 151 ACs	Autonomous Administration	Autonomous Administration	
Administrative management			
Article 143 ACs	Ministry of Education and Culture (*MEC*)	Ministry of Labour and Social Affairs (*MTAS*) through the National Employment Institute (*INEM*)	Foundation for Continuing Training (*FORCEM*)
Article 151 ACs	Education Departments of each AC	Labour Department of each AC	

Source: Compiled by author.

In addition, the General Council for Vocational Training (*Consejo General de Formación Profesional* – see legal background) is composed of the different administrative bodies at both central/regional and social partner levels as well as across the training types so as to coordinate their different activities. This coordination is formalised through the national vocational training programme *(Programa Nacional de Formación Profesional).*

1.5 The structural funds and EU initiatives

1.5.1 The structural funds in Spain: background

The Maastricht Treaty treats vocational education and training in various articles:

- the goal of the European Social Fund is to increase employment opportunities and the geographical and occupational mobility of workers, and also to facilitate their adaptation to industrial changes and to changes in production systems, in particular through vocational training and retraining (Article 123 of the EC Treaty);
- the EU shall implement a vocational training policy which should support and supplement the actions of the Member States (Article 127).

Spain received financial support from the structural funds for the first time in 1986, which was an important addition to the resources assigned to vocational training.

The structural funds provide non-repayable financial assistance to less developed regions to supplement national and regional financing provisions. The support is granted only to areas and regions that have been declared eligible for assistance in accordance with the regional objectives of the structural funds. In Spain there are three categories:

- Regions whose development is lagging behind (Objective 1),[6] which covers 75% of Spanish territory: Andalusia, Asturias, the Canary Islands, Cantabria, Castilla-La Mancha, Castilla-Leon, Valencia, Extremadura, Galicia and Murcia, plus the cities of Ceuta and Melilla. Priorities include direct investment in production, the improvement of basic infrastructure, services to small and medium-sized enterprises (SMEs), research and development (R&D), educational infrastructure and health facilities, vocational training and occupational integration, and rural development.

- Regions seriously affected by industrial decline (Objective 2), to be found in the Basque country, La Rioja, Navarra, Aragón, Catalonia, Madrid, the Balearic islands (and Cantabria up to 1993). Intervention focuses on support for new productive activities, renewal and regeneration of run-down industrial and urban areas, provision of services to SMEs, training and occupational integration, and R&D activities.

- Regions identified as vulnerable rural zones (Objective 5b) within Objective 2 regions. Financial support promotes rural development through subsidies for creating non-agricultural employment, provision of services to SMEs, training and improvement of agricultural activities.

All these regions cover 83% of the population of Spain (59% within Objective 1 regions according to the Ministry of Labour and Social Affairs, 1997). The structural funds also provide support for measures covering the whole national territory[7] in the following fields:

- Objective 3: combating unemployment;
- Objective 4: facilitating the adaptation of workers to industrial change;
- Objective 5a: aid for the structural adjustment of agriculture and fisheries.

Aspects related to vocational training are financed by the following structural funds: the European Social Fund (ESF) and the European Regional Development Fund (ERDF).

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[6] Objective 1 regions are defined as those whose per capita GDP, calculated in terms of purchasing power parities and on the basis of the data of the last three years, is below 75% of the EU average. It also includes other regions whose per capita GDP is close to that of the above-mentioned regions but where specific reasons exist for their inclusion.

[7] In Objective 1 regions the funding of schemes is incorporated in the budget for the regional development programmes within ERDF.

1.5.2 Administration of the European Social Fund (ESF) in Spain

Through Royal Decree 2404/1985 (Official State Gazette - No 312 of 30 December) an ESF administrative unit was created in the Ministry of Labour and Social Affairs (*MTAS*) to administer ESF funding and fix the criteria for access to the funds.[8]

Applications for assistance are presented to the Regional Directorate (*Dirección Provincial*) of the Ministry of Labour and Social Affairs in the province in which the scheme is to be implemented or where the applying body is domiciled, as laid down in the official model of the EU Commission. The Regional Directorates then submit the applications they receive to the ESF administrative unit. The deadline for applications in each financial year is 31 July of the year preceding the introduction of the envisaged measures.

ESF assistance consists of grants which should not over-finance the project. ESF assistance with national policies[9] are instruments to compensate for the relatively weaker situation in some Member States compared to the EU average. ESF is channelled and allocated through the operational programmes developed within the Community Support Frameworks (CSF) as approved by the European Commission and the Member State concerned. They set out priorities for action, the amount of funding required and the forms of intervention for each EU structural objective.

1.5.3 Administration of the European Regional Development Funds (ERDF) in Spain

The ERDF contributes to investment to assist regional development. In Spain, the management of ERDF has been assigned to the Ministry for the National Economy (*Ministerio de Economía)* via the Directorate-General for Budget Analysis and Planning (*Dirección General de Análisis y Programación Presupuestaria)* and the Sub-Directorate General for the Administration of the ERDF.

Applications for ESF and ERDF assistance are presented jointly to the ESF Administrative Unit within the Ministry of Labour and Social Affairs, which forwards them to the Sub-Directorate General for the Administration and Management of the ERDF and coordinates the selection of projects. Once the projects have been approved, the financial management is carried out separately for each fund, and the monitoring committee (*Comité de Seguimiento*) coordinates the follow-up of projects.

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[8] Later, the Royal Decree 1492/1987 of 25 November regulated the functions of the administrative unit of the ESF and laid down the provisions for the processing of the applications for aid. This Royal Decree was then amended by Royal Decree 695/1996 of 26 April (*BOE* of 10 May).

[9] This means that the ESF does not subsidise the totality of the schemes but only a part of them. It is the responsibility of the authority, designated in the Member State, to ensure that public and private bodies provide the corresponding national co-financing. This provision requires the adaptation of national legislation to the guidelines laid down by the EU.

All ERDF payments are channelled through the Public Treasury, and the Directorate-General for Planning in the State Secretariat of Finance (*Dirección General de Planificación de la Secretaria de Estado de Hacienda)* determines the distribution to the different beneficiaries.

Of the five priority objectives for which structural fund assistance is given, the ERDF covers Objective 1 and Objective 2, and as a subsidiary, 5b. It contributes to the financing of, among other things, investment in the education and training sectors.

The procedure for these programmes is as follows. The Member States submit their Regional Development Plans (drawn up at the relevant administrative level, i.e. by the autonomous communities or by the central government) to the European Commission. In these plans they set out the needs and the necessary resources required. Financial assistance from ERDF amounts to between 50% and 75% of the total public cost, depending on the objective, and exceptionally up to 80% or 85%.

1.5.4 Distribution of the structural funds in Spain

After financial assistance has been approved, funds are distributed to the national, regional or local authority designated by the Member State in the application. Thus, for example, when an application for the co-financing of a programme is approved, it generates an appropriation commitment from the EU budget. At the same time, this commitment is appropriated, according to the beneficiary, in the national funds.

With regard to the financial support for vocational training given to Spain during 1989-93 and the outlook for 1994-99, the following may be noted:

- *Objective 1: Less developed regions*

For 1989-93, human resource development accounted for 20% of total public expenditure; 1.4 million people received the benefit of co-financed schemes in these years, the breakdown being 87% for training schemes and 13% for employment aid. The most important measure is training for unemployed persons. Other measures include assistance for vocational training schemes as well as support for training groups at a disadvantage in the labour market (women, disabled people and migrants). The aims for 1994-99 include a number of objectives in certain areas. For instance, the percentage of youth participating in secondary education[10] should rise from 66.2% in 1994 to 97.9% in 1999, and the number of unemployed people receiving training should rise from 8.4% in 1992 to 10.6% in 1999.

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[10] Secondary education includes vocational education and academic secondary education, the share of vocational training is approximately 45% of the total.

- *Objective 2: Regions affected by industrial decline*

Between 1990-93, financial assistance for schemes to develop human resources in Objective 2 regions benefited 530 000 persons. These people participated in a number of continuing training activities and included workers in SMEs and in enterprises undergoing structural change, and also for persons working in occupational sectors associated with the creation and development of productive activities in the region. Objective 2 also includes support measures for R&D and training equipment.

For 1994-99 there is a more determined effort to reduce unemployment and to improve enterprise competitiveness. The major part of expenditure is being directed to transport infrastructure and environmental measures.

- *Objective 5b: Vulnerable rural regions*

During 1989-93, more emphasis was given to innovation in training schemes to promote the renewal of the rural structure. Training activities were aimed at people working in SMEs and at occupational groups linked to the agricultural sector. For 1994-99, the objective is to ensure more tailored programmes to the different types of rural regions.

- *Objective 3: Combating unemployment, and Objective 4: Facilitating the adaptation of workers to industrial change*

In Spain, two million people participated between 1989-93 in training activities sponsored by the ESF; this means an annual percentage of 20% of unemployed persons. These activities included technological training, basic training, qualification and retraining to give long-term unemployed and young people vocational training in new technologies and new methods of business management and organisation. In particular, activities are designed to encourage the establishment of SMEs and to promote the social economy, as well as to provide training for occupational categories that meet labour market needs. Training activities for women and other disadvantaged groups on the labour market are also included within these objectives.

In view of the high level of unemployment and deficiencies in the technical and vocational training system in Spain, financial assistance from the structural funds to promote employment during 1994-99 is mainly targeted at the training of young people. The emphasis is on support for measures to integrate youth in the working world (alternance training, practical training) and to find integration paths for long-term unemployed people and those threatened with exclusion from the labour market; the updating of technological qualifications was also stressed. 60% of the beneficiaries during this period will be women. Other, more preventive, measures focused on the creation of a continuing training system open to the largest possible number of enterprises. 80% of the financing measures were oriented to workers in SMEs.

A thematic breakdown of the assistance provided by the structural funds, for all objectives as a whole, shows that EU assistance for the promotion of human resources in Spain (which include vocational training) declined from 26.8% during 1989-93 to 25.3% during 1994-99.

Table 10 Thematic breakdown of Structural Fund intervention

	1989-93	1994-99
Infrastructure	39.5%	31.2%
Investment in production	19.5%	24%
Human resources	26.8%	25.3%
Environment	14.1%	19%
Technical assistance	-	0.5%

Source: Ministry of Labour and Social Affairs (1997).

1.5.5 Other EU initiatives

EU initiatives are specific instruments of EU structural policy: NOW (equal employment opportunities for women) HORIZON (integration of disabled people and others at a disadvantage in the labour market); INTEGRA (integration in the labour market of groups threatened with marginalisation and/or social exclusion); YOUTHSTART (integration in the labour market of people without qualifications); ADAPT (facilitating the adaptation of workers to industrial change and to changes in production systems).

The financial allocation for Spain via ESF and ERDF for 1994-99 (Ministry of Labour and Social Affairs, 1997) and corresponding to the initiatives mentioned above, is:

- Employment initiatives (NOW, HORIZON, YOUTHSTART, INTEGRA): ESP 62 000 million (ECU 386.6 million);
- ADAPT: ESP 41 000 million (ECU 256.4 million).

A financial contribution of approximately 10% of the budget is allocated to ERDF activities. EU co-financing is 75% of the total cost in Objective 1 regions and 50% outside Objective 1. The degree of co-financing from the responsible public agency is not fixed.[11] Private co-financing is permitted, but may not exceed 50% of national co-financing; it is estimated that private co-financing may represent, as a minimum, 5% of the total cost of the programmes. If the training benefits the workers of a company, the company has to contribute an appropriate share of co-financing.

[11] Every project must be led by a public legally-recognised organisation which is responsible for the project with respect to applications for support, attesting expenditure, requesting payment, monitoring, financial control and evaluation.

The ESF administrative unit of the Ministry of Labour and Social Affairs coordinates the EU EMPLOYMENT and ADAPT initiatives. Spain presents an operational programme to the European Commission for each initiative which serves as a framework for action; on this basis the Ministry of Labour and Social Affairs selects the projects proposed within the deadlines and conditions laid down in each programme.

The Foundation for Continuing Training (*FORCEM*), as the administrator of the National Continuing Training Agreements (*ANFC*) and in its capacity as promoter (at State level) of Objective 4, supports the presentation of projects within the framework of ADAPT and provides some co-financing.

Part 2 Initial vocational training

2.1 Background

Initial vocational training comprises: regulated vocational training (intermediate and upper level vocational training) and social guarantee programmes. The vocational training institutes which provide initial training can be publicly or privately owned and are called institutes of secondary education (*Instituto de Educacion Secondaria – IES*).

2.1.1 Regulated vocational training

Law 1/1990 (*LOGSE*) is the legal basis for initial vocational training, replacing General Law 14/1970.[12] Articles 30 to 35 of Chapter 4 of *LOGSE* concern initial vocational training and state that this should prepare students for work in an occupational field and enable them to adapt to changes in their jobs which may occur throughout their lives. The law stresses the need to change attitudes toward initial training, which is often viewed as a secondary path, excessively academic and too alienated from the world of production and the needs of enterprises.

The structure of the education system was also reorganised by Law 1/1990 (*LOGSE*); the age of compulsory schooling was raised from 14 to 16 years for the entire population, and a far-reaching reform of regulated vocational training was carried out, thus giving the education and training system the following structure:

Table 11 Education system according to LOGSE 1/1990

Pre-school education	From 0 to 6 years of age
Primary education	From 6 to 12 years of age
Secondary education:	
Compulsory secondary education	From12 to 16 years
Baccalaureate	
Intermediate-level vocational training	
Upper-level vocational training	

Source: *LOGSE* 1/1990.

Since the educational reform was introduced, young pupils may choose between a wide range of intermediate-level training courses (after completing secondary level) or upper-level courses (after completing the baccalaureate). The duration of courses ranges from

[12] The 1970 general law on education extended general basic education (*EGB – Educación General Básica*) to the entire population between 6 and 14 years of age. With respect to initial vocational training, the law divided this training into two levels: first-level vocational training (*FP1 – Formación Profesional de Primer Grado*) from 14 to 16 years of age, and second-level vocational training (*FP2 – Formación Profesional de Segundo Grado*) from 16 to 18 years of age.

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1 400 hours to 2 000 hours. They do not cover whole subjects but modules that include both theoretical and practical instruction. One of these modules is training in work centres (*Formación en Centros de Trabago*) where the trainee spends 20% of the total training hours (between 440 and 740 depending on the course) in a company. This module is compulsory for trainees and collaboration with companies takes place on the basis of agreements. The trainee does not receive any remuneration for this practical training, but companies are given a symbolic payment (ESP 200 per trainee/hour – EUR 1.20). The compulsory training in work module is the closest element of initial training in Spain to an apprenticeship scheme. There have been a number of problems implementing this compulsory module.[13]

In the 1997-98 school year about 138 000 students were enrolled in vocational training courses administered by the Ministry of Education and Culture (this excludes participants in the autonomous communities with responsibility for initial training). Approximately 58 000 attended the training courses mentioned above (i.e. intermediate-level and upper-level) and 80 000 students were undergoing training in *FP*1 (first-level vocational training) and *FP*2 (second-level vocational training) under the 1970 general law on education (see footnote 12). Both systems will operate side by side until the final implementation of reforms in 2002. The following table indicates the links between the two systems of regulated vocational training.

Table 12 Links between initial vocational training under the Laws of 1970 and 1990

Law 1970		Law 1990 (*LOGSE*)	
Level	Age	Level	Age
First-level vocational training (*FP*1)	14-15	Intermediate-level vocational training	16-17
Second-level vocational training (*FP*2)	16-17-18	Upper-level vocational training	18-19

The Ministry of Education and Culture (*MEC*), through *LOGSE*, issues regulations on the structure of initial vocational training, on the minimum compulsory instruction to be given in State-run training providers, and on the basic compulsory curriculum in the area under its administrative control (Article 143 communities).[14] The autonomous communities (ACs) with competence for education (Article 151 communities and those with special

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[13] According to a Ministerial Order promulgated on 14 February 1998, companies are obliged to pay a tax to the Ministry of Finance for the trainees they accept for work experience. In this context, the Higher Council of the Chambers of Commerce (*Consejo Superior de Cámaras de Comercio)* has warned that no trainees will be accepted for work experience if this Order continues to be in force. They have requested the Ministries of Education and Economics for an explanation of this provision because they think it is an error. If the companies refuse to accept trainees, the implementation of vocational training will be completely impossible, as work experience is compulsory to acquire the qualification.

[14] With respect to the communities listed in Article 143 of the Constitution, they do not have responsibilities in the field of education, but it is planned to give them such competence in the near future. During 1998 Aragon, La Rioja and the Balearic Islands have been given responsibilities within the field of education. These responsibilities will also be devolved in other communities: Madrid, Castilla-La Mancha, Castilla-Leon, Cantabria, Murcia and Extremadura.

privileges),[15] follow the standard on the minimum compulsory instruction to be given in State-run institutions and prepare and develop the basic curriculum for their own institutions taking into account the specific features of their cultural, political and socio-economic environment.

With regard to the organisation of regulated vocational training (intermediate– level and upper– level), Organic Law 8/1985 regulating the right to education (*Ley Orgánica del Derecho a la Educación – LODE*), laid down the establishment of an integrated network of public and private institutes of secondary education (*IES*). The private training centres can be classified into two types: the totally private centres and those with 'agreements' with public authorities (*centros concertados*). For the latter type of private training centre, the amount of public funds allocated to the training 'agreements' with these training centres is laid down each year in the general State budget and the autonomous communities budget.

There are two arrangements in this system of 'agreements' with the private training centres (excluding those training centres that are totally private). First, centres which belong to the general agreements regime (*régimen general*) which are fully financed from public funds and provide training free of charge. Secondly, centres which belong to the single agreements regime (*régimen singular*) where public funds cover only part of total funding and money can also be collected from students. Depending on the region, the Ministry of Education and Culture or the AC sets the maximum contribution that can be collected from individual students.

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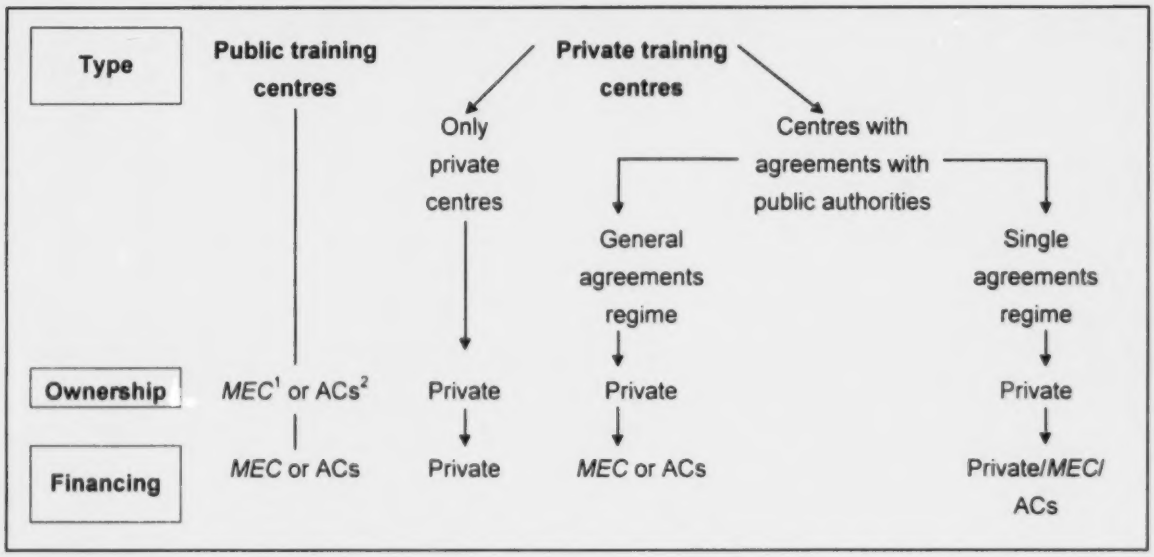
[15] Article 151 of The Constitution lists the autonomous communities which have competence in education: Catalonia, the Basque country, Galicia, Andalusia, the Canaries, the Community of Valencia, Navarra, Aragon, La Rioja and the Balearic Islands. They have full powers and responsibilities which are, however, not exclusive and they directly administer education in their territory.

Figure 1 Financing structure for the different training institutions

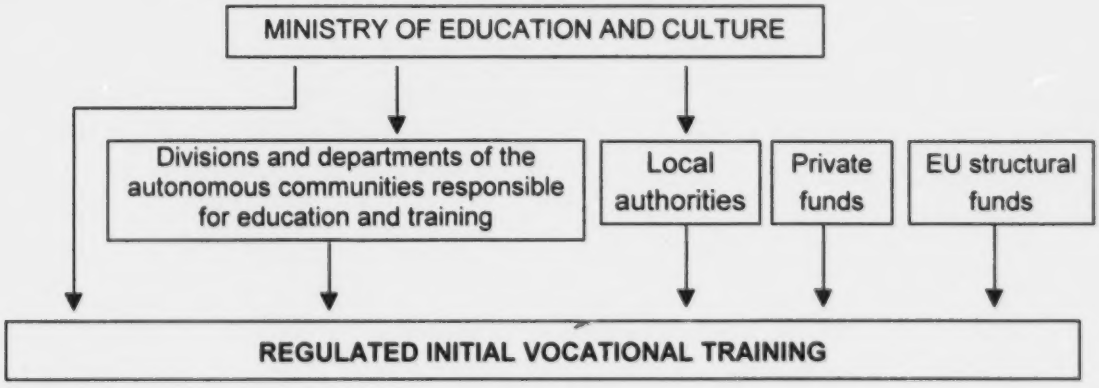


[1] Ministry of Education and Culture.

[2] Autonomous communities.

Regulated vocational training (intermediate– level and upper– level) is therefore financed through public and private funds. Public funds are allocated from the Ministry of Education and Culture, the regional administrations of the ACs and local authorities (local authorities have a limited number of functions).[16] Private funds come from private institutions and citizens. The resources provided by the structural funds supplement the funds of national origin.

Figure 2 Funding structure for regulated initial vocational training


MINISTRY OF EDUCATION AND CULTURE
Divisions and departments of the autonomous communities responsible for education and training
Local authorities
Private funds
EU structural funds
REGULATED INITIAL VOCATIONAL TRAINING

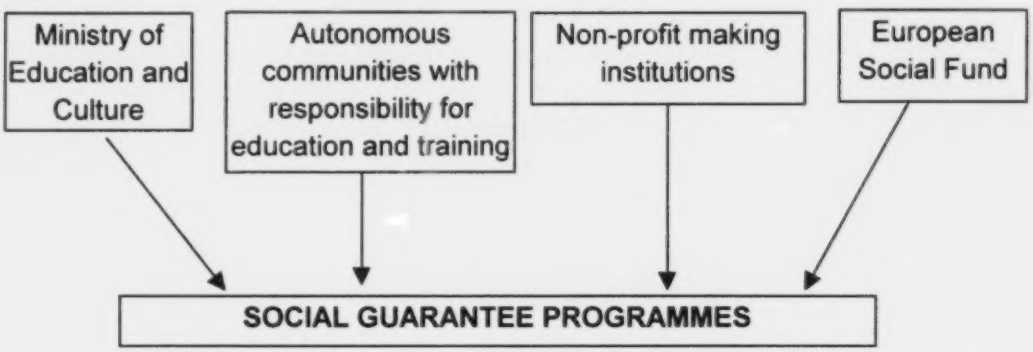
[16] According to current legislation, local authorities have a limited number of functions with regard to education and initial training; they have no administrative responsibilities in this respect. Their functions are related to the maintenance and upkeep of public education and training centres, the recruitment of non-teaching staff, school transport and extra-curricular activities.

2.1.2 Social guarantee programmes

In addition to formalising the levels of education, Article 23(2) in *LOGSE* 1/1990, provides for the development of social guarantee programmes (*PGS – Programas de Garantía Social*). These are intended for young people who have not gone beyond secondary education with the aim of providing them with basic vocational training. Young people can participate free of charge and are eligible for financial aid.

The social guarantee programmes are carried out in public training centres, authorised private training centres and in other training establishments (e.g. academies, enterprises) which are approved by the Ministry of Education and Culture or the departments of education within the relevant ACs.

Figure 3 Funding for social guarantee programmes


Ministry of Education and Culture
Autonomous communities with responsibility for education and training
Non-profit making institutions
European Social Fund
SOCIAL GUARANTEE PROGRAMMES

2.2 Sources of funding for initial vocational training

The financing of both types of training is entirely direct. Furthermore, the infrastructure, teaching staff, centres, etc. exclusively serve initial vocational training. Training for unemployed people and continuing training has a different infrastructure and organisations.

2.2.1 Sources of funding for regulated vocational training

The financing of regulated vocational training originates from:

(i) Ministry of Education and Culture (*MEC*);

(ii) Divisions/Departments of the autonomous communities (ACs) with full competence for education;

(iii) Local authorities;

(iv) Private funds;

(v) Structural funds.

(i) Ministry of Education and Culture (*MEC*)

In the autonomous communities which have no competence for education, the bodies funding initial vocational training are, essentially, the Ministry of Education and Culture and the regional bodies subordinate to this Ministry.

The Ministry of Education and Culture presents a report every year to the Committee on Education and Culture of the Congress of Deputies (*Comisión de Educación y Cultura del Congreso de los Diputados*) and to the Committee on Education of the Senate (*Comisión de Educación del Senado*) so that they may know, discuss and evaluate the progress of the educational reform under *LOGSE* and the use of human and material resources necessary to achieve its objectives.

The funds are not exclusively intended for public education institutions, but can also take the form of subsidies to private centres, scholarships and aid to students. The public institutes of secondary education (*IES*) offer free enrolment, while participants and their families have to pay for the use of additional services relating to meals and transport. The scholarship and student aid programmes are run by the State, with the exception of the Basque country, which has assumed this responsibility for its community.

(ii) Divisions/Departments of the ACs with full competence for education

The structure of expenditure on education has changed in the last few years, greatly increasing the share from the ACs and reducing the share from central government. The ACs responsible for education have increased their funding during recent years, as the decentralisation from central to regional level has also meant the decentralisation of expenditure.[17] It is likely that there will be a further increase in the proportion of funding of initial vocational training at the regional level within the ACs as the decentralisation process is extended to other regions.

In Article 151 ACs which have competence for education, public funding for vocational education and training comes from the Divisions or Departments of Education (*Consejerías o Departmentos de Educación*) or from other bodies within the autonomous communities. The resources earmarked for initial vocational training by the Article 151 communities with transferred competence come from the following sources:

(a) General state budgets;

(b) Transfers from the Ministry of Education and Culture;

(c) Own resources.

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[17] The years in which they started to finance initial vocational training are as follows: Basque country (1981), Catalonia (1982), Galicia (1983), Andalusia (1984), the Canaries (1984), Community of Valencia (1984), Navarra (1990), Aragon (1998), La Rioja (1998) and the Balearic islands (1998).

(a) General state budgets

The law on the financing of the autonomous communities stipulates that they should receive a share of total non-assigned State taxes, this is called 'share of State revenue' (*Participación de los Ingresos del Estado*). This share is calculated according to a number of criteria: inhabitants, size of territorial area, administrative units, poverty, tax burden and geographical location.

(b) Transfers from the Ministry of Education and Culture

The resources transferred to ACs by the Ministry of Education and Culture (*MEC*) fall under the concept 'equivalent expenditure' *(Gasto Equivalente*). This means that the amounts transferred to ACs increases in proportion to the amount spent by the Ministry of Education and Culture.

The Ministry budgetary accounts contain all transfers to private 'agreement-ruled' centres, including the payments to ACs made by the sub-directorate-general for the training agreements system. ACs with full competence for education must earmark the transfers to agreement-ruled centres in their own budget accounts.

(c) Own resources

Another part of ACs' financing comes from the taxes assigned to them by the State, namely 30% of personal income tax (the most important direct tax).

(iii) Local authorities

Local authorities have a limited role in relation to education and initial training. The education expenditure of local authorities on regulated vocational training represents only 5% to 6% of their total expenditure on education in Spain (Oroval et al., 1995). However, it should be noted that statistical sources which record local expenditure on education do not break it down by educational level. Despite this, Uriel et al. (1997) estimate that 90% of local authority expenditure on education is used for pre-school and primary education and the remaining 10% is for other types of instruction (including vocational training). Local authorities also receive funds from the Ministry of Education and Culture through agreements signed between them.

(iv) Private funds

Private funding of regulated vocational training represents the share of expenditure financed mostly by families, private institutions or companies. These resources are intended to cover the expenditure generated by private *IES* under the 'single agreements' regime or those private *IES* outside of the 'agreements' regimes.

The financing structure of private *IES* under one of the 'agreements' regimes is heavily influenced by public subsidies which, in the case of regulated vocational training, make up 60-70% of the their total funding, with a rising tendency. Nevertheless, the private contributions of families have helped to reduce the heavy burden borne by companies and private institutions in funding private *IES* (in 1981 this amounted to 20% of the total, a

percentage which, in 1991, had dropped to half that figure according to Uriel et al (1997). The same study shows how the financing, in constant pesetas, of a trainee enrolled in a private *IES* has grown due to an increase in public subsidies.

In the public *IES*, private funds are used to finance items which are not covered by the government, e.g. books, transport, teaching material, etc.

(v) Structural funds

The national – public and private – funds allocated to the funding of initial vocational training are augmented by the EU structural funds, i.e. the ESF and ERDF, intended for regions eligible for assistance in accordance with the structural objectives. The major share of EU funds comes from the ESF.

2.2.2 Sources of funding for the social guarantee programmes

As with regulated vocational training, the sources of funds for social guarantee programmes depend on who has jurisdiction for initial training (Ministry of Education and Culture or ACs) within the different regions. The sources of funds include:

(i) Ministry of Education and Culture;

(ii) Autonomous communities with competence in the field of education;

(iii) Non-profit-making institutions which provide social guarantee programmes;

(iv) European Social Fund.

(i) Ministry of Education and Culture

For regions under the jurisdiction of the Ministry of Education and Culture, the *MEC* grants subsidies to local training providers (either the Institutos de Educación Secundaria – *IES* – or other academies, enterprises, etc.) to provide social guarantee programmes. To obtain this subsidy, the local training provider has to submit a formal application following a model drawn up by this Ministry and accompanied by the following documentation:

- a certificate from the training provider stating that it will approve the implementation of the programme if it is subsidised;
- an action plan, which outlines information about what kind of people will take parts in the programme, where it will take place, how many teachers will be involved etc.

This documentation has to be presented to the Regional Directorates of Education and Culture (*Dirección Provincial de Educación y Cultura*) within the individual autonomous communities within 30 calendar days following the publication of the call for applications in the Official State Gazette. After the time limit has expired, the Regional Directorates send these applications to the AC's Directorate of regulated vocational training and Educational Promotion (*Dirección de Formación Profesional Reglada y Promoción Educativa*). For

each application the Regional Directorates append a report indicating the expediency of granting the required subsidy and also point out the coherence between the proposed activities in the application and the recommendations of the Regional Committee on regulated vocational training (*Comisión Provincial de Formación Profesional Reglada*). Finally, the applications are arranged in order of priority and if some of them do not fit into the list of subsidies, they are listed separately.

After receiving the applications a committee[18] draws up a proposal for the award or the rejection of subsidies, taking into account the following preference criteria: a favourable report from the Regional Directorate, conformity of the project with objectives, lack of other social guarantee programmes in the area, degree of involvement of companies in the trade sector, number of young beneficiaries and available resources. Finally, the award or the rejection of the subsidies is determined by the order in which they are published in the Official State Gazette.

After an application has been judged favourably, the procedure for obtaining the subsidy is as follows: a formal agreement between each local training provider and the corresponding Regional Directorate of Education and Culture has to be signed within a month following the publication of the award in the Offical State Gazette. The funding is then paid to the local training provider on a lump-sum basis according to the training that was outlined in their proposal. Within one month of signing the agreement, the local training providers have to present documents accounting for the expenditure of the subsidy to the Regional Directorate of Education and Culture. If the local training provider does not account for the full amount received, the remainder is withdrawn and interest charged for that period.

(ii) The autonomous communities with competence in the field of education

ACs which have competence in the field of education ensure the provision of social guarantee programmes. These ACs receive funds to provide these programmes from the Ministry of Education and Culture. The funds are earmarked within the ACs budget.

To be eligible for funds from ACs, local training providers (e.g. *IES* or other academies, enterprises, etc.) have to follow a procedure which is not very different to the one laid down for the Ministry of Education and Culture territory (see above).

(iii) Non-profit-making training providers which undertake social guarantee programmes

The training providers which implement social guarantee programmes normally have the structure required to carry out the activities for which they have requested financial

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[18] The committee is composed of the following members: Chairman (Director-General of Regulated Vocational Training and Educational Promotion); Vice-chairman (Sub-Director General of Second-Chance Education); Members (a representative of the Directorate General for Co-ordination and Inspection, three representatives of the Spanish Federation of Local Authorities and Regions and two representatives of the Sub-Directorate General of Second-Chance Education).

assistance. Thus, their contribution, in most cases, consists of the provision of the necessary material and infrastructure.

(iv) European Social Fund

The training schemes implemented in the social guarantee programmes are co-financed by the ESF as part of Objective 1 for 1994-99. In this case, the social guarantee programmes must fit into the programmes envisaged and financed by the fund. ESF support amounts to 75% of the planned budget for these programmes (80% of the regional programme in Extremadura and 85% in the Canaries). In the case of the social guarantee programmes included in Objective 3, the ESF provides 45% of the total cost.

2.3 Mechanisms for the distribution of funds to finance initial vocational training

This section examines the mechanisms for distributing funds and the volume of initial vocational training resources originating from the different financing sources.

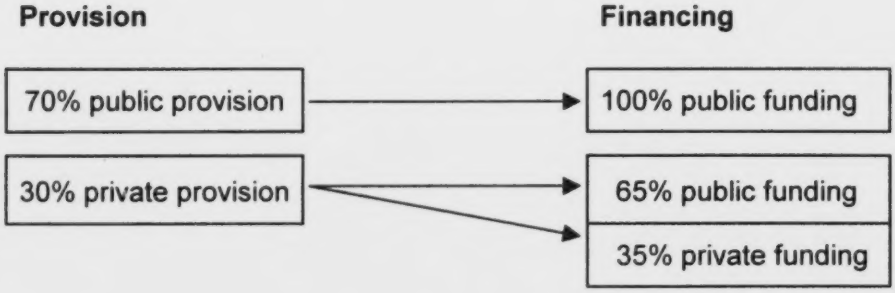
Table 13 Total participation in initial training (number of persons)*

1990	1993	1994	1995
857 246	878 183	836 239	782 870

Source: Ministry of Education and Culture.

* The decline in the number of participants is due to the fall in the birth rate. The figures cover participation in both regulated vocational training and the social guarantee programmes for the whole of Spain.

Figure 4 Provision and financing of initial vocational training

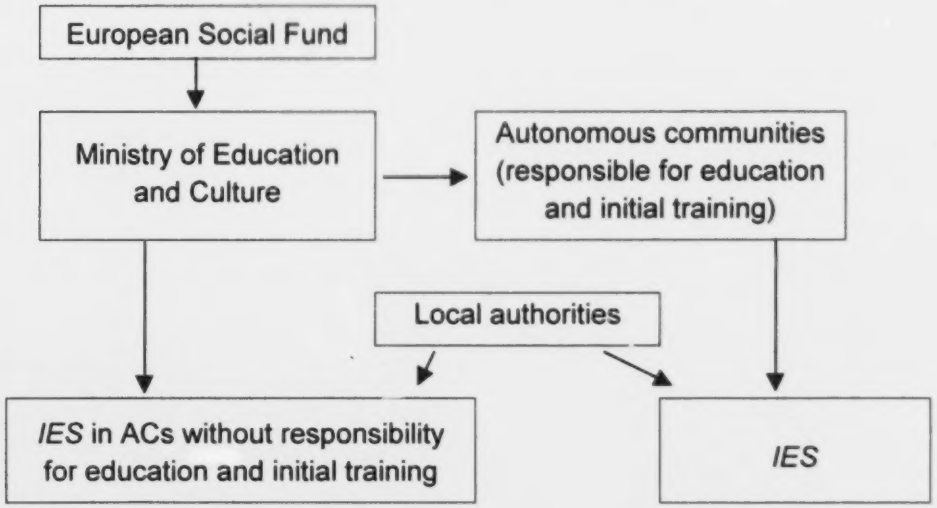


2.3.1 Regulated vocational training

2.3.1.1 Regulated vocational training in public *IES*

The funding of regulated vocational training in public *IES* where the autonomous communities have no competence for education is undertaken by the Ministry of Education and Culture. Where autonomous communities have responsibility for the provision of education and initial training, they distribute funding. Both the Ministry of Education and Culture and ACs give direct budgetary allocations to public institutes of secondary education. The amount allocated depends on the number of trainees, number of teachers, subject being taught and degree to which the training centre has to maintain machinery and equipment.

Figure 5 The distribution of funds for regulated vocational training to public IES


European Social Fund
Ministry of Education and Culture
Autonomous communities (responsible for education and initial training)
Local authorities
IES in ACs without responsibility for education and initial training
IES

Two different sources of information have been used to identify the funding for regulated vocational training within public *IES*. The first covers the years 1985, 1990 and 1992, and was conducted by Uriel et al. (1997) in which a distinction is made between the financing of current expenditure and capital expenditure. The second, covering 1997-98, concerns the new national vocational training programmes and makes no distinction in the use of the resources.

Table 14 Financing of public regulated vocational training (ESP million)

	1985	1990	1992	1997	1998
Central government	35 856	78 937	99 034	-	-
ACs	38 395	93 595	114 501	-	-
Private funds	90	140	158	-	-
Total financing of recurrent expenditure	**74 341**	**172 672**	**213 693**	-	-
Central government	4 322	12 882	11 440	-	-
ACs	5 040	12 454	11 962	-	-
Total financing of capital expenditure	**9 362**	**25 336**	**23 402**	-	-
Total financing	40 178	91 819	110 474	87 917	93 957
Central government	48%	46.3%	46%	40%	40%
Total financing ACs	43 435	106 049	126 463	129 903	139 335
	51.9%	53.5%	53.3%	60%	60%
Total private financing	90	140	158	-	-
	0.1%	0.2%	0.7%		
Total financing	**83 703**	**198 008**	**237 095**	**217 820**	**233 292**
	100%	**100%**	**100%**	**100%**	**100%**
ECU (million)	501.2	1 185.6	1 419.7	1 304.3	1 396.9

ECU 1 = ESP 167.

Source: Own figures based on Uriel et al. 1997, and the second national vocational training programme. The information presented in Uriel et al., 1997, gives the figures for public education at the intermediate level. As a result, it was necessary to estimate the amount corresponding to vocational training on the basis of the number of students at different educational levels in BUP+COU (academic secondary education + university foundation course) and in vocational training.

2.3.1.2 Regulated vocational training in private training providers

In the case of private *IES*, a distinction must be made between totally private institutes and those which operate under agreements with the Ministry of Education and Culture or the ACs (the latter category can be divided into those operating under a general 'agreements' regime and those under a single 'agreements' regime – see Figure 1 in 2.1.1). Those *IES* which are totally privately run are funded through monthly fees collected from trainees. Each institute may freely set its fee in line with its own requirements and expenditure.

Private institutes which operate under a general 'agreements' regime receive a direct allocation from Ministry of Education and Culture (in the ACs without responsibility for education and initial training) and from autonomous communities where they have responsibility. This allocation depends on the number of trainees, teachers, subject taught and machinery/equipment required.

Private institutes with a single 'agreement' regime are financed by the Ministry of Education and Culture or an AC (depending on which has competence). The funding allocated, however, is not expected to cover the full cost of the training provided and a contribution is collected from trainees in the form of a fee.

Table 15 shows the financing of regulated vocational training given in the private *IES*, according to the study conducted by Uriel et al. (1997), which is based on information in the Surveys on Financing and Expenditure in Private Education published by *INE*. 1991 is the last year for which this information was available, hence the indicators for 1997 are taken from a report by the OECD.

Table 15 Financing of regulated vocational training in private IES (ESP million)

	1985		1990		1991		1997	
Public Administrations	15 954	67%	29 460	69%	33 937	69%	32 430	65%
Families	6 356	27%	10 808	25%	12 308	25%	17 490	35%
Companies	1 455	6%	2 458	6%	2 817	6%	*	-
Total	**23 765**	**100%**	**42 727**	**100%**	**49 061**	**100%**	**49 920**	**100%**
ECU (million)	142.3	-	255.8	-	293.7	-	298.9	-

Source: Uriel et al., 1997 and own figures based on OECD (1997). ECU 1 = ESP 167.

* Included under 'families' for 1997.

2.3.1.3. Funding from the ESF

Table 16 shows the share of assistance for regulated vocational training provided by the ESF within the 1996 EU Support Frameworks.

Table 16 ESF assistance for regulated vocational training (ESP million)

Year	Objective 1 Regions	Objective 3 Regions	Total
1995	31 923.4	7 396.9	39 320.3
1996	36 295.3	8 771.4	45 066.7

Source: Ministry of Labour and Social Affairs (1996 and 1997). ECU 1 = ESP 167.

2.3.2 Social guarantee programmes

Training providers for the social guarantee programmes are funded by the Ministry of Education and Culture or AC (depending on which is responsible). The allocation of funding is calculated on the basis of training hours per course, number of trainees and the subject being taught. Both Ministry of Education and Culture and the ACs have fixed amounts (costs per hour/trainee) for each subject.

Table 17 Funding of PGS (social guarantee programmes) (ESP million)

Sources	1995 [1]	%	1996	%	1997 [6]	%
Ministry of Education and Culture (*MEC*) [2]	1 863	90	2 874	90	5 191	70
ACs [3]	n/a	-	n/a	-	1 523	20
Public or private institutions [4]	207	10	319	10	746	10
ESF [5]						
Total	2 070	100	3 193	100	7 460	100
ECU (million)	12.3	-	19.1	-	44.6	-

[1] 1992 was the first year in which subsidies for these programmes were provided.

[2] The figures given in the Official State Gazette include the amounts provided by the Ministry of Education and Culture and the ESF.

[3] The ACs which were given competence in the field of education were, up to 1996, the Basque country, Catalonia, Galicia, Andalusia, Community of Valencia, the Canaries and Navarra.

[4] The contribution of the institution was generally in kind (infrastructure, furniture, etc.). In this case, it is estimated to be 10% of the total cost.

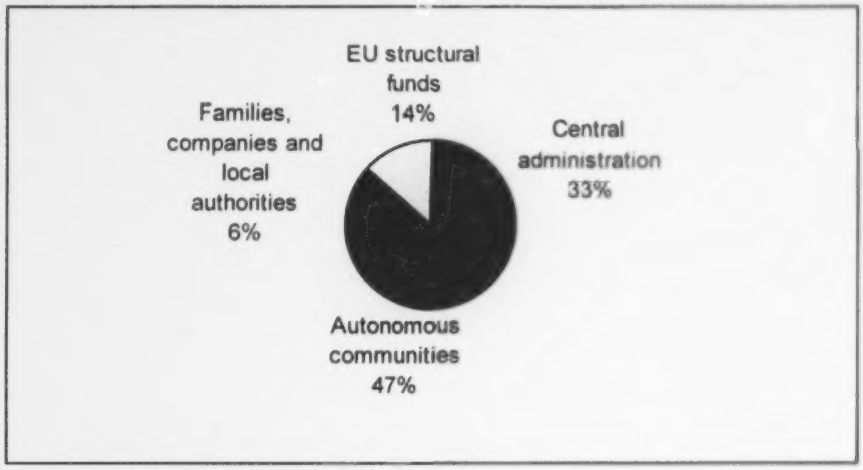
[5] This amount was included in the budgets of the MEC and the autonomous communities (ACs).

[6] As stated in the second national vocational training plan.

2.3.3 Breakdown of funding for initial vocational training

The following diagram shows the percentage share of the different sources of funding for initial vocational training (including regulated vocational training and the social guarantee programmes) for 1997. It can be seen that the largest share comes from the administrations of the ACs which, together with central government, account for 80% of the total; structural funds contribute 14% and funding from families, local authorities and companies amounts to 6%.

Figure 6 Breakdown of funding sources for initial vocational training, 1997*


EU structural funds 14%
Families, companies and local authorities 6%
Central administration 33%
Autonomous communities 47%

* These are approximate calculations based on the totals in the previous tables. While the percentages are fairly accurate, it is not possible to give correct total figures due to the complex structure of funding in Spain. The percentages are based on total funding of approximately ESP 320 270 million (ECU 1 918 million).

2.4 General conclusions

There are two types of training in initial vocational training: regulated vocational training (intermediate-level and upper-level vocational training) and the social guarantee programmes. Both are regulated by Organic Law 1/1990 (*LOGSE*), which is also the legal frame of reference for all the ACs.

In Spain a distinction is made between two types of AC: firstly, those which have been given competence for education: Catalonia, the Basque country, Galicia, Andalusia, the Canaries, the community of Valencia and Navarra, Aragon, La Rioja and the Balearic islands. These ACs have full but not exclusive powers and directly administer education in their territory. Secondly, there are those, listed in Article 143 of the Constitution, most of which do not have competence for education, but there are plans for them to be granted such competence in the near future.

The sources for the financing of initial vocational training are diverse: they can be public (e.g. the Ministry of Education and Culture, administrations of the ACs, local authorities, etc.) and private (companies, families, etc.). At the same time, the sources of the funds can be national or EU. The diversity of funding sources at European, national, autonomous community and local levels leads to overlapping and difficulties when it comes to ascertaining the total volume of resources allocated to vocational training. It should also be noted that financing is entirely direct: there is no indirect financing.

2.4.1 Regulated vocational training

The public or private nature of the funding bodies, and not that of the final recipient, determines whether expenditure on regulated vocational training is classified as public or private. Therefore, the public centres are financed through public funds and the private centres are financed through private funds, even though they may receive public subsidies.

In the last few years a change may be observed in the structure of expenditure on regulated vocational training. The participation of the ACs has increased greatly: it amounted to 51% of the total funds spent in 1985 and close to 60% in 1998. At the same time the share of central government (essentially the Ministry of Education and Culture and the regional bodies subordinate to it) fell from 48% to 40% between 1985 and 1998 (see Table 14). This change was due to the gradual transfer of competence for education to ACs , which also assumed responsibility for expenditure.

In the funding of private regulated vocational training centres, the large share of public subsidy is striking: 65% of the total amount for 1997 according to the data in Table 15. Finally, national funds are supplemented by the contribution from EU structural funds, i.e. ESF and ERDF, earmarked for regions eligible for assistance.

2.4.2 Social guarantee programmes

In the social guarantee programmes, financing provided by the central administration amounts to 70% of the total, whereas autonomous bodies account for 20% and private sources for 10% (see Table 17).

Part 3 Continuing vocational training

3.1 Background

On 16 December 1992 the employers' organisations (the Spanish Confederation of Employers' Organisations – *CEOE* – and the Spanish Confederation of SMEs – *CEPYME*) with the trade union organisations (the General Workers' Union – *UGT* – and the Workers' Trade Union – *CO*[19] – and later the Galician Trade Union Confederation – *CIG*) signed the first national continuing training agreement (*ANFC*).[20] At the same time, the tripartite agreement on continuing vocational training was signed by the above-mentioned organisations and government representatives. These agreements laid down the financial provisions to support CVT during the years (1993-96) they were in force. On 19 December 1996, when the first agreement expired, a second national training agreement was signed. This came into force on 1 January 1997 and will expire on 31 December 2000. The scope of the agreements extends to the whole of Spain (except for the Basque country).

Before the first *ANFC* came into force, continuing training was regulated by the vocational training and occupational integration plan (*Plan Formación Inserción Profesional – Plan FIP*), which also covered training for unemployed people.[21] Hence, before 1992, the ACs which had been given the competence for training for unemployed people also had competence for continuing training. Since 1992, however, when the first *ANFC* regulating continuing training on a national scale was signed, the administration of continuing training was transferred to the social partners.[22] This has caused some problems in the division of responsibilities between training for unemployed people and continuing vocational training.[23]

Under the first *ANFC*, the beneficiaries were restricted to employees (excluding workers in the public sector), the self-employed and workers covered by the special agricultural

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[19] This is the first bilateral trade union-employers pact signed since 1983 when the last inter-confederation agreement on collective bargaining was signed.

[20] This agreement complies with the Council Decision (90/61/EEC) of 29 May 1990 establishing an action programme for the development of continuing vocational training in the European Union (FORCE).

[21] The data for the *Plan FIP* before 1992 is for both continuing training and training for unemployed people.

[22] The management of training is based on a bipartite model (trade unions and employers) and sustained by the social dialogue.

[23] The regional government of Catalonia lodged an appeal against the tripartite agreement on the ground of conflict of competence, and that appeal was accepted by the Constitutional Court. The regional government thinks that this agreement encroaches on its competence in the field of continuing training. When, in 1992, the management of training for unemployed people was transferred to Catalonia, the latter interpreted this as covering not only the planning, monitoring and management of the training addressed to unemployed persons, but also for continuing training in companies. In the Basque country, ELA-STV introduced a different model in claiming the transfer of competence in training for this community. The Basque country claimed the management of the funds for continuing training, together with the authority to collect them directly, by virtue of the financial agreement it had signed.

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regime (*Régimen Especial Agrario*). After the government-trade union agreement on working conditions in public administration was concluded for 1995-97, part of the funds from the tripartite agreement was earmarked for training for staff in public administration. On 21 March 1995 the agreement on continuing training in the public administrations[24] (*Acuerdo de Formación Continua en las Administraciones Públicas*) was signed. In the second *ANFC* all groups excluded in the first agreement were included, thus giving all workers access to continuing training.

During 1995, the interprofessional agreement on continuing training (*Acuerdo Interprofesional sobre Formación Continua)* together with the tripartite agreement on continuing training (*Acuerdo Tripartito para la Formación Profesional)* were adopted in the Basque country. Later, in November 1997, the Basque country introduced autonomous management of continuing training by collecting the financial contributions of the workers and employers in this region. This is exclusive to the Basque country and enables this region to administer the financial contributions through a foundation, called Hobetuz, comprised of Basque trade unions and employers.[25]

According to the *ANFC*, continuing vocational training covers all training activities undertaken by companies, workers and their respective organisations, in line with the provisions in the agreement. The training is aimed at enhancing skills and qualifications and retraining workers, to improve the competitiveness of enterprises. The agreement is funded through a training levy on companies and workers through their social security contributions, as well as by EU structural funds and other private contributions. The training levy is paid to *INEM*, which transfers part of the levy relevant to continuing training to *FORCEM* (see 3.2), the remainder is allocated to training for unemployed people (see Part 4).

There are a variety of training providers which have a collaboration agreement with *FORCEM* such as public centres, centres belonging to companies, and private or associated centres; the latter are sponsored jointly by employers' organisations and trade unions with participation from the respective public administrations.

3.2 Operation and funding of the agreements

With regard to the organisation, management and implementation of the training activities stipulated in both agreements, the signatory organisations created a Foundation for

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[24] This agreement covered all public employees in all public administrations. Later, after the General Committee for Continuing Training was set up, the second national agreement on continuing training was adopted for all public administrations on 23 December 1996, for the period 1997-2000. The funds for these training measures under the agreement come from the VET allocations fixed by the Tripartite Committee for Continuing Training. The corresponding amount is transferred from the National Institute for Employment to the National Institute of Public Administration

[25] According to the agreement, from 1998 onwards, the training levy collected from the workers and employers in the Basque country will be administered by this AC; as a result, the National Institute for Employment will hand over these amounts to the Hobetuz foundation in the Basque country.

Continuing Training (*Fundación para la Formación Continua – FORCEM*) on 19 May 1993. *FORCEM* is a joint, non-profit making and private body with a national scope. *FORCEM* has, inter alia, the following functions:

- to initiate and encourage the spread of continuing vocational training among employers/entrepreneurs and workers;
- to assume control of enterprise and trades union training plans in the whole of Spain;
- to publish annually the notice of financial assistance for continuing training activities in the whole of Spain in the Official State Gazette (*Boletín Oficial del Estado – BOE*);
- to receive and process applications for assistance for the different training schemes, make the technical assessment and undertake the necessary management of documents, accounts and finances;
- to organise and administer the resources for continuing training in conformity with the statutes of the *ANFC*.

FORCEM publishes, in the Official State Gazette, the criteria for granting financial support to enterprises for their training activities in line with the financing provisions in the second *ANFC*. These criteria include that the training should improve enterprise competitiveness and their employment prospects, that training should be targeted at those most in need and that it is suitable to meet the priorities and needs of the sector.

The applications for subsidies are presented to *FORCEM* [26] on the official form and within time limits laid down in the call for applications. After applications have been received, *FORCEM* studies them and undertakes a technical evaluation; it does not demand private contributions but it marks them favourably. The application is then passed on to *INEM* together with the documentation. In conformity with the available funds, the Director-General of *INEM* takes the final decision and informs *FORCEM* which projects have been approved to receive funding so that it may notify the interested parties.

The training initiatives envisaged in the second *ANFC* are:

(a) training plans,

(b) individual training leave and

(c) complementary and follow-up measures to training.

(a) Training plans

Companies which wish to finance their training activities through the *ANFC* have to draw up their own training plan (for those with 100 or more workers) or join a group (the *ANFC* groups companies which jointly employ at least 100 workers and are promoted by employers' and/or trade union organisations which are representative of the corresponding sector and/or territory). The most representative employers' and trade

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[26] The applicant must inform the Foundation for Continuing Training whether they are obliged by law, collective agreement, or some other legal regulation, to earmark financial resources for the provision of training in their company.

union organisations can, via the Joint State Commission for Continuing Training (*Comisión Mixta Estatal de Formación Continua* see legal background) present training plans which transcend sectoral boundaries and cover training activities which contain a common element to several sectors.

The training plans have to specify the following:

- objective and content of the training plan and action to be taken;
- target group by occupational groups and number of participants;
- estimated cost of the training schemes broken down by type of activity and target group;
- estimate of the annual training contribution to be made by the company or companies,
- venue for the training schemes.

These plans have to be submitted to *FORCEM* during the application period stated in the notice of subsidies published in the Official State Gazette.

(b) Individual training leave

The *ANFC* also established a system of individual training leave for salaried staff. Workers who wish to gain financial support must have worked for more than one year in the company and must submit their application for leave in writing to company management at least three months in advance. Participants who secure paid training leave receive an amount equivalent to their salary during the leave, and their social security contributions are paid. Both the salary and social security contributions are financed by the Joint State Commision for Continuing Training.

(c) Complementary and follow-up measures

It is also possible to use the *ANFC* to finance complementary and follow-up measures which help to identify training needs, to design instruments and methodologies to be applied in training plans, to disseminate continuing training information and to promote other measures which will improve the efficiency of the continuing training system.

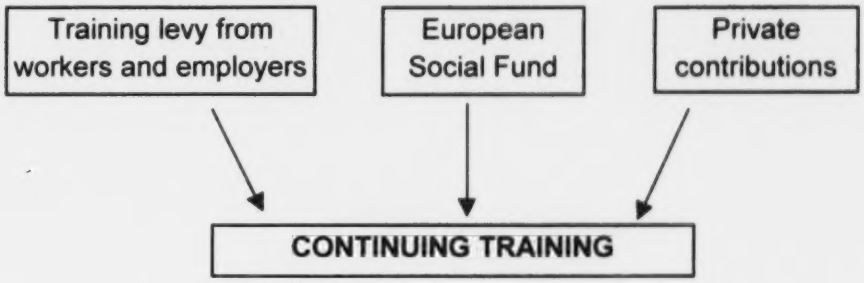
On 1 July 1994, a Collaboration Agreement (*Convenio de Colaboración*) between *INEM* and *FORCEM* was signed, setting out specific operational points for the management of theoretical training linked to apprenticeship contracts. These contracts relate to continuing training and are regulated by the Employment Promotion Measures in Article 3 of Law 10/1994, which states that at least 15% of the training has to be outside the workplace. As it is continuing training, the apprenticeship contracts are financed by the tripartite agreement on continuing training (*Acuerdo Tripartito sobre formación continua*).

To conclude, it is important to note that the responsibility for continuing training is now in the hands of the social partners. They created the Foundation for Continuing Training (*FORCEM*) which is responsible for the management of continuing training. Companies submit their training plans for their workers to *FORCEM*, which approves and finances these training activities that may be carried out in different types of training centres.

3.3 Sources of continuing vocational training funds

The funding for training supported by the *ANFC* is direct and comes from the training levy collected from companies and workers via social security contributions plus the funds provided by the ESF within the Community Support Frameworks (in conformity with the notice of subsidies published for this purpose and the conditions laid down by the EU) plus the private contributions made by the companies and other bodies.

Figure 7 Financing of continuing training



3.3.1 Training levy

The training activities envisaged in the *ANFC* are funded, in part, by the training levy paid by companies and workers.[27] Since 1986, originally under *Plan FIP*, the rate of the training levy has been 0.7% of the total payroll, of which 0.6% is paid by the company and 0.1% by employees. The levy is collected with social security contributions by the General Social Security Treasury[28] (*Tesorería General de la Seguridad Social – TGSS*). The levy is transferred to *INEM,* which in turn transfers the allocation to continuing training activities laid down in the *ANFC* to *FORCEM*.

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[27] The calculation base for the training levy, in the social security system, corresponds to the one taken for industrial accidents and occupational diseases. In order to ascertain the basis of the monthly contribution, the salary payments due in the month under reference are first taken. Then, a proportionate share of extraordinary bonuses and other payments, which are paid in the course of the financial year, are added. The estimated annual total of the extraordinary bonuses and other payments is divided by 365 and the resulting quotient is multiplied by the number of days in each month for the contribution. The base daily amount of the contribution is then standardised by rounding it up or down to the multiple of 10. The resulting figure is then multiplied by the number of days in the month for which the contribution is due. This amount may not be higher than the legally fixed upper limit or lower than the legally fixed lower limit. The training levy to be paid in the case of part-time work contracts is based on the hours or days actually worked in the month concerned.

[28] With regard to regulatory aspects, Royal Decree 36/1978 on the institutional management of social security, health and employment, set up the National Institute for Employment, endowing it with resources, inter alia, from the unemployment allocations and a share in the VET levy contribution, and at the same time authorising the government to re-distribute the collection of the training levy in proportion to the vocational training activities of each recipient body or Ministry. Furthermore, Royal Decree 2318/1978 set up the General Social Security Treasury and endowed this body with competence for the collection of the contributions for unemployment, the salary guarantee and vocational training fund, if this is collected jointly with the social security contributions.

In the first *ANFC* it was agreed from 1 January 1993 that 0.6% of the training levy would be earmarked for the training of unemployed persons and 0.1% for the financing of training schemes for salaried workers. Since that time the allocation to continuing training activities has varied as can be seen in the following table.

Table 18 Allocation of the training levy to continuing training schemes

Years	Percentage
1993	0.1
1994	0.2
1995	0.25
1996	0.3

Source: First National Agreement on Continuing Training.

After the second *ANFC* for 1997-2000 was signed, the government and the signatory employers' organisations and trade unions agreed that from 1 January 1997, 0.35% of the training levy would be spent on training for unemployed persons and 0.35% on financing training initiatives designed for workers in employment – both in the public and private sectors. The signatory parties also agreed that the levy would be maintained at 0.7% until the second *ANFC* comes to an end in 2000.

While all workers and enterprises covered by the social security system pay the training levy, the funds benefit only workers in enterprises which participate in the call for training applications published by *FORCEM*, and unemployed persons who participate in occupational training schemes (see Part 4). Workers who do not participate in *ANFC* schemes pay the levy but do not receive any benefits in return. Usually larger companies present more bids for funding for continuing training activities to *FORCEM*.

Of the total 0.35% intended for the training of workers in employment, 0.05% together with an equivalent amount originating from other sections of the general State budget, were allocated to the direct financing of training initiatives for workers covered by the special agricultural social security regime (*REASS*), self-employed workers and persons who were not yet in employment; some of them in the following situations:[29]

- part-time workers during their non-employed periods;
- workers who became unemployed while they were in training;
- workers covered by employment regulations during a period of suspension from employment, with all the requirements and criteria laid down by *INEM* in each case;
- other workers in specific situations as allowed by the tripartite.

[29] These groups and the workers covered by the Special Agricultural Regime and self-employed workers may join the training initiatives set out in the second Agreement via Programme Contracts and other arrangements on the terms laid down by the Tripartite Committee.

The remainder of the funds for continuing training were used for training plans, individual training leave and complementary and follow-up measures (see 3.2).

3.3.2 European Social Fund

Funding for continuing training initiatives stipulated in the *ANFC* is also available from the ESF, in accordance with the Community Support Frameworks. Part of the funds envisaged in the second tripartite agreement on continuing training comes from resources approved by the European Commission for 1994-99. These cover the two Operational Programmes within the framework of Objective 4 of the structural funds, together with the ADAPT initiative which supports continuing vocational training in sectors which are experiencing change and run the risk of shedding jobs.

In the context of Objective 4, the ESF calls for national public co-financing together with private financing; the ESF assumes 45% of public expenditure in the case of regions not covered by Objective 1, and 75% of the total cost in the case of less developed regions.

FORCEM receives the allocation for continuing training from the training levy together with structural fund resources.

3.3.3 Private contributions

FORCEM assesses the applications for assistance presented by companies; it does not require that proposals include private contributions. Some companies, however, are obliged by law, collective agreements or other legal provisions to earmark financial resources for continuing training. Moreover, the ESF, as indicated earlier, requires private financing within the framework of Objective 4. EU initiatives also stipulate that if the scheme benefits the workers of an enterprise – as is the case in the ADAPT initiative – enterprises must contribute an appropriate share of the cost.

3.4 Mechanisms for the distribution of funds for continuing vocational training

The available funds for continuing training held by *FORCEM* are distributed on the basis of a combination of fixed calculations for the number of participants, number of training hours and cost of the type of training activity. Funding may cover the whole or a part of the training costs.

Table 19 Participation in continuing vocational training (number of persons)

1990	1993	1994	1995
[1]	364 361	693 729	828 399

Source: Foundation for Continuing Training (*FORCEM*).

[1] In 1990 the numbers participating in continuing training are included in training for unemployed people as both were regulated by the *FIP*. Since 1993, *FORCEM* has been responsible for workforce training under the *ANFC*.

Table 20 Funding of continuing training from the training levy (ESP million)

Source	1985	1990	1995	1996
Training levy	[1]	[1]	46 048	65 271
ECU (million) [2]	-	-	275.7	390.8

Source: *FORCEM* (1996 and 1997).

[1] During this period resources from the training levy were used for the training given to workers in employment and unemployed persons. See Table 23.

[2] ECU 1 = ESP 167.

A part of the ESF financial resources granted to Spain for continuing training are used for the following regions:

Table 21 Volume of ESF support for continuing training (ESP million)

Year	Objective 1	Objective 2	Objective 4	Objective 5b	Total	ECU (million)
1995	13 494.1	7 161.6	8 348.2	222.4	29 226.2	175
1996	14 438.3	7 459.6	9 280.2	249	31 427	188.17

Source: Ministry of Labour and Social Affairs (1996 and 1997). ECU 1 = ESP 167.

The ESF requires private contributions for Objective 4 projects. Alcaide and González (1997) estimate that ESP 52 000 million were obtained in the form of private funds during 1994-97.

There are also other schemes which receive resources from the structural funds, for instance in the case of the EU ADAPT initiative.

Table 22 Financing of the ADAPT Initiative, 1996 (ESP million)

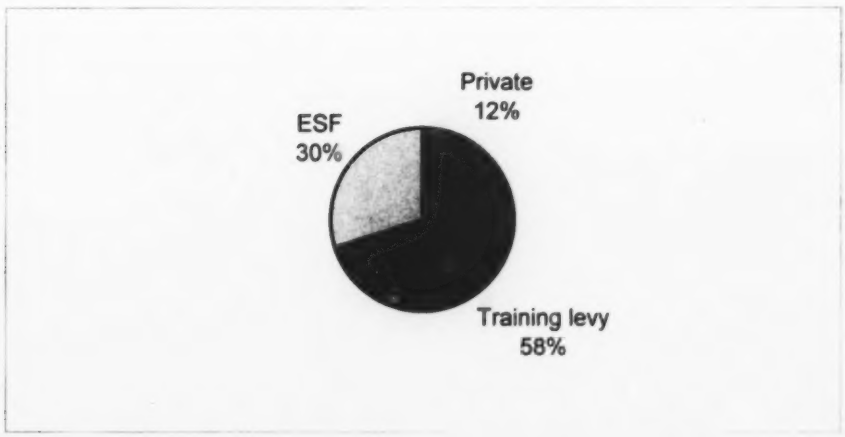
		ECU (million)
ESF	2 592	15.5
Public (*FORCEM*)*	662	3.9
Private	511	3
Total	3 765	22.5

Source: *FORCEM* (1997). ECU 1 = ESP 167.

* A part of the funds originating from the training levy (see Table 18) which *FORCEM* receives from INEM are used for the ADAPT initiative.

The following diagram shows the share of funds for continuing vocational training from different sources for 1996. The largest share comes from the training levy (58%), followed by the ESF (30%) and private funds from enterprises and other bodies (12%).

Figure 8 Breakdown of funding sources for continuing vocational training, 1996*



- These percentages are calculated on the basis of the figures in the previous tables. While some of the figures are estimates, adding together the totality of funding for CVT gives a figure of ESP million 113 470 (ECU 679 million). This figure includes an estimate for the private contributions to ESF funded projects for 1996.

3.5 General conclusions

In the industrialised countries there is an ongoing discussion on what type of policies stimulate and increase business investment in training. According to Alcaide and González (1997), two alternatives can be identified:

- there are those who think that there should be no interference in the free play of market forces;

- there is a view which asserts the need for policies to stimulate the training efforts of companies under joint and concerted employer-employee management, based on collective bargaining.

The latter approach has been the one adopted by Spain. After the first national agreement on continuing training was signed in 1992, the social partners assumed the responsibility for continuing training. This has had a tangible effect on many aspects of training: duration of training schemes, modes of delivery, methodology, venues, etc. According to Del Castillo (1997), training is more supply than demand-driven; companies do not ask for training of a specific kind; what they do is make a choice from among the training schemes presented by training providers for the management of training within their training plan.

Further, Del Castillo (1997) highlights that the need to achieve a consensus on training activities between the different social partners has also had an effect on the outcome of training, i.e. this mode of negotiation sometimes improves and sometimes impedes the process of training.

Despite joint and concerted management of training in Spain, which ensures access to continuing training for all workers, it is difficult to evalulate either the training or the expenditure. While it is possible to identify what is spent from the training levy, other private expenditure is hard to verify, not least because ESF funding requires that private co-financing should be provided alongside public sector finance and *ANFC* resources.

Further debates have also arisen in Spain regarding the division of responsibilities between the central and regional (ACs) level for continuing training. While many ACs view the management of continuing training to be within their jurisdiction, only the Basque country[30] has assumed responsibility for collecting the training levy. On the other hand, it is also argued that the collection of the training levy should be an activity of the State and that its collection by the autonomous communities distorts the principles of unity and solidarity, especially as it limits the ability to ensure an equalisation of funds between communities with different economic positions.

In effect then, the major discussion in Spain centres on ascertaining whether or not the training levy is one of the competences reserved to the State or whether it can be transferred to the autonomous communities.

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[30] Catalonia failed to secure responsibility for collecting the training levy after the Constitutional Court ruled that it was an *INEM* resource and not a resource for the Community of Catalonia. The Basque country secured jurisdiction for collecting the levy on the basis of its Statute of Autonomy.

Part 4 Training for unemployed persons

4.1 Background

The vocational training system in Spain enables unemployed persons[31] to participate in the following training schemes:

- National vocational training and occupational integration plan (*Plan FIP – Plan Nacional de Formación e Inserción Profesional)*;
- Training workshop/crafts training centre programmes (*Programas de Escuelas Taller y Casas de Oficios)*;
- EU employment initiatives.

Central government defines the characteristics of *Plan FIP* for the whole of Spain. Of the 17 communities, 12 (Catalonia, Galicia, Andalusia, the Canaries and the Community of Valencia, Navarra, the Basque country, Extremadura, Castilla la Mancha, Madrid, Aragon and the Balearic islands) manage their own training schemes in *Plan FIP*, although they must take into account the characteristics defined by central government. In the other ACs, management of *Plan FIP* is a competence of State bodies, in particular, the Ministry of Labour and Social Affairs (*MTAS*) through the National Institute for Employment (*INEM*), but there are plans to gradually transfer responsibility to all ACs. While the ACs responsible for training for unemployed people can draw up their own course programmes, the training is funded through appropriations received by *INEM* which originate from the training levy and ESF support.

With respect to training workshops and crafts training centres programmes, the Ministry of Labour and Social Affairs, through *INEM*, has competence to regulate and administer these schemes throughout Spain except in Galicia and Catalonia. In these ACs the management and control of their programmes[32] has been transferred since 1998.

Competence for managing EU employment initiatives is in the hands of central government, but it encourages the participation of the ACs in all matters to achieve better results and to monitor and evaluate the different activities.

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[31] Every person without work is defined as unemployed; this includes unemployed persons with and without previous employment; it also includes both recipients and non-recipients of unemployment benefits.

[32] Royal Decree 1050/1997 of 27 June 1997 (Official State Gazette No. 180 of 29 July 1997) on the transfer to the Regional Government of Catalonia of the management of labour, employment and training undertaken by the National Institute for Employment, transfers to this Community the management and control of the national training workshop/crafts training centre programmes. As a result, the regional government assumes, within its territory, the functions and services corresponding to this management, and also has control of the subsidies granted by the State through the National Institute for Employment. Royal Decree 1375/1997 of 29 August 1997 regulates the transfer to the AC of Galicia.

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The participants in these three types of training schemes are:

- people who are currently in the university education system to assist in obtaining a job or to prepare themselves better to meet the requirements of the working world may participate in the training schemes of *Plan FIP*, in EU initiatives and in training workshop/crafts training centre programmes (in the last case they have to be under the age of 25 with no vocational certificate);

- people who have dropped out of the education system may participate in any one of the three schemes mentioned above, although their lack of vocational certificates make the training workshops and crafts training centres most appropriate for their needs;

- people in a state of unemployment which requires remedial training or re-training or advanced training. The *Plan FIP* and the EU initiatives have been designed for these people.

In the following the most important points about the different types of training will be described in detail.

4.1.1 The national vocational training and occupational integration plan (*Plan FIP*)

The central government council of ministers agreement of 30 April 1985 was the foundation for *Plan FIP*. The *Plan FIP* consists of a number of vocational training initiatives for unemployed workers to provide them with the qualifications required by, and the ability to integrate them in, the working world when they lack specific vocational training or have insufficient or inappropriate qualifications. From its foundation up to 1992, *Plan FIP* also sponsored the continuing training of workers in employment, but after 1993, when the first *ANFC* was signed, it focused exclusively on unemployed people. The majority of training schemes for unemployed people carried out in Spain since 1985 have resulted from the *Plan FIP*.

The Ministry of Labour and Social Affairs has administrative competence for publicly supported vocational training for unemployed people even though it has transferred this competence to some ACs such as Catalonia,[33] Valencia,[34] Galicia,[35] the Canaries,[36]

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[33] Royal Decree 1577/91 (Official State Gazette of 8 November 1991) and Resolution of 9 October 1991 (Official State Gazette of 8 November 1991).

[34] Royal Decree 1371/92 (Official State Gazette of 22 December 1992) and Resolution of 22 December 1992 (Official State Gazette of 22 January 1993).

[35] Royal Decree 146/93 (Official State Gazette of 4 March 1993) and Resolution of 1 February 1993 (Official State Gazette of 19 March 1993).

[36] Royal Decree 0447/94.

Andalusia,[37] Navarra,[38] the Basque country, Extremadura,[39] Aragon,[40] the Balearic islands,[41] Castilla la Mancha[42] and Madrid.[43] The transfer of these competences relates to management functions and services since all training measures have to be conducted in conformity with *Plan FIP*. Consequently, ACs with competence in this field draw up a programme of training courses every year, following the objectives established in advance by the Ministry of Labour and Social Affairs, in accordance with the training needs of the different regions and production sectors.

The vocational training courses contained in *Plan FIP* are organised by those bodies responsible for its administration, i.e. *INEM* or the ACs with competence for management. The training venues are the centres belonging to *INEM* or to the AC in which the courses are held using their own materials and human resources.

The training schemes set out in *Plan FIP* can also be organised by other collaborating centres. A collaborating centre is any training centre (public or private) whose ability to impart occupational training has been recognised and formally approved by *INEM* or the ACs with competence in this field. They can be individuals, legal entities or institutions with training centres that wish to collaborate in *Plan FIP* schemes. The collaborating centres must have the necessary infrastructural prerequisites[44] and must apply to *INEM* or the competent AC to be formally approved for the training courses being provided. The collaborating centres receive a subsidy from *INEM* or the ACs to hold training courses.

Participants in *Plan FIP* training schemes pay no fees; they are insured against the risk of accident stemming from attending courses and are eligible for the following benefits:

- transport, maintenance and housing;
- scholarships, in the case of unemployed disabled persons.[45]

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[37] Royal Decree 427/93 (Official State Gazette of 16 April 1993) and Resolution of 1 February 1993 (Official State Gazette of 19 March 1993).

[38] Royal Decree 1319/1997 (Official State Gazette of 1 October 1997).

[39] Royal Decree 2042/97 (Official State Gazette of 22 January 1998).

[40] Royal Decree 300/98 (Official State Gazette of 16 March 1998).

[41] Royal Decree 621/98 (Official State Gazette of 29 May 1998).

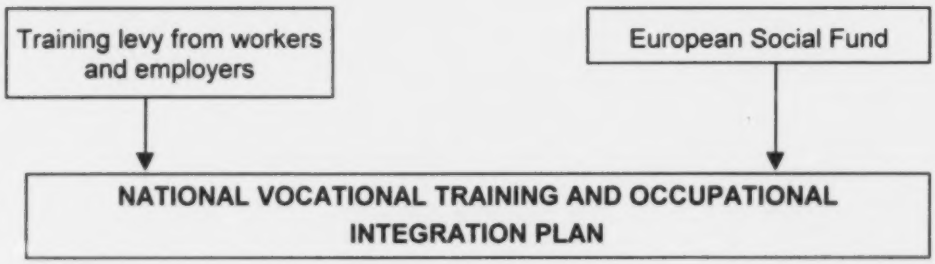
[42] Royal Decree 1661/98 (Official State Gazette of 14 August 1998).

[43] Royal Decree 2534/98 (Official State Gazette of 27 November 1998).

[44] These prerequisites include certain regulations as to the state of the premises (e.g. size, health and safety considerations, etc.), the professional knowledge held within the centre and the available equipment necessary to provide the training. The institutions which apply to become a collaborating centre are checked by *INEM* or the AC.

[45] Before Royal Decree-Law of 3 April 1992 came into force, those participating in the *Plan FIP* received financial assistance. This led to cases of fraud in the eligibility for scholarships and fraudulent situations with respect to employment; for this reason, after this Royal Decree was adopted, the financial support to all participants except the disabled were abolished.

Figure 9 Funding of the national vocational training and occupational integration plan


Training levy from workers and employers
European Social Fund
NATIONAL VOCATIONAL TRAINING AND OCCUPATIONAL INTEGRATION PLAN

4.1.2 Training workshop/crafts training centre programmes

These are public employment-training programmes set up in 1985. Their goal is to train unemployed people and young, first-time jobseekers under the age of 25 with no vocational qualifications. The training available alternates between periods of work and practical training in occupations related to the restoration or promotion of national heritage, the environment and urban areas, and the renewal of craft trades.[46]

The sponsors of training workshops and crafts training centres can be central government bodies, local government, ACs, autonomous agencies, public enterprises, other bodies in the public sector, and non-profit-making associations and foundations. These sponsoring agencies, therefore, can be public or private. The promotion and management of the programme are shared by the sponsoring agencies and *INEM*[47] (except in the ACs of Catalonia and Galicia, where this responsibility has been transferred). *INEM* is responsible for planning, supervision, co-ordination, monitoring and control, and assessment of results of training, and finances projects by granting subsidies to the sponsoring agencies (these subsidies originate from the training levy and ESF funds). In Catalonia and Galicia these functions are performed by the administration of these ACs which also receive *INEM* subsidies. The sponsoring agencies, for their part, take the initiative of creating a training workshop or crafts training centre, secure the final occupational integration of participants and contribute part of the funding.

The trainees participate in these training schemes free of charge and are entitled to the same benefits as participants in *Plan FIP* training schemes.

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[46] The training workshop/crafts training centre programmes consist of two parts: the first part is training and the second part alternate training and work. For a more detailed description see: Cedefop (1994). The vocational training system in Spain. Brussels: ECSC-EC-EAEC.

[47] See Resolution of 7 July 1995 (Official State Gazette No 179, 28.7.1995) of *INEM*, relating to the application and development of the Order of the Ministry of Labour and Social Security of 3 August 1994.

Figure 10 Funding of the training workshop/crafts training centre programmes

Training levy from workers and companies
Sponsoring Agency
European Social Fund
Income from goods produced in the training workshops/ crafts training centres or other institutions for training unemployed people
TRAINING WORKSHOP AND CRAFTS TRAINING CENTRE PROGRAMMES

4.1.3 EU initiatives

EU initiatives aimed at promoting participation in the labour market for social groups which have specific difficulties include the following programmes: NOW, HORIZON, INTEGRA, YOUTHSTART. As stated in Section 1, point 1.5, the amounts allocated to these Employment Initiatives from the ESF and ERDF for the period 1994-99 amount to ESP 62 000 million (ECU 256.4 million).

4.2 Sources of funding and distribution mechanisms for training for unemployed people

Sources of funds for training activities for unemployed people (e.g., training workshops/crafts training centres and *Plan FIP*) are described in detail below; EU initiatives are not included in this section of the report as they are outlined in Section 1, under point 1.5.

Table 23 Participation in training for unemployed people (number of persons)

1990	1993	1994	1995
303 729 [1]	196 010	124 499	139 314

Source: National Institute for Employment

[1] The figure for 1990 also includes participation in continuing training, as until 1993 *Plan FIP* included this; hence figures for 1993 show a decline in participation in training for unemployed people.

The most important source of funds is the training levy on companies and workers (see 3.3 for more detail on the collection of the levy). The signing of the *ANFC* separated agreements on continuing training from *Plan FIP* which became specific to training for unemployed people. As a result, the training levy is also divided between allocations to continuing training (under the *ANFC*) and training for unemployed people (*Plan FIP* and training workshops and crafts training centre programmes) as indicated in the table below.

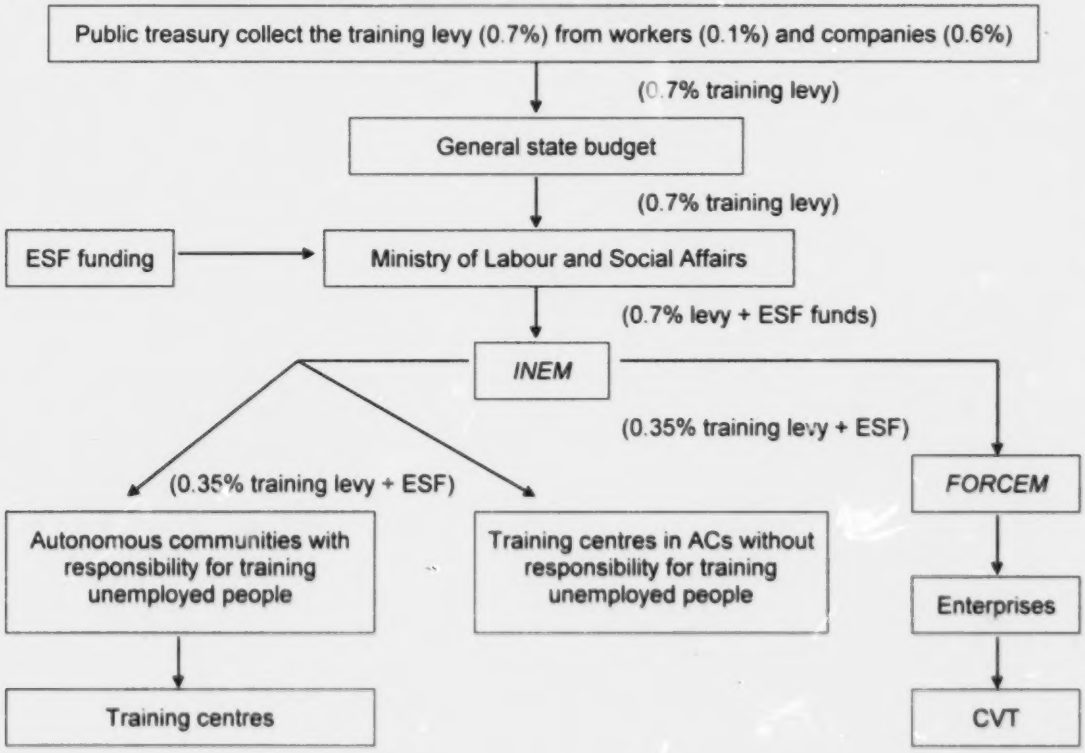
Table 24 Allocation of the training levy to training schemes for unemployed persons

Years	Percentage	Years	Percentage
1993	0.6%	1997	0.35%
1994	0.5%	1998	0.35%
1995	0.45%	1999	0.35%
1996	0.4%	2000	0.35%

Source: First and second National Agreements on Continuing Training.

As can be seen, the allocation of the training levy to training for unemployed people has decreased.

Figure 11 The structure of funding training for unemployed people


Public treasury collect the training levy (0.7%) from workers (0.1%) and companies (0.6%)
(0.7% training levy)
General state budget
(0.7% training levy)
ESF funding
Ministry of Labour and Social Affairs
(0.7% levy + ESF funds)
INEM
(0.35% training levy + ESF)
(0.35% training levy + ESF)
FORCEM
Autonomous communities with responsibility for training unemployed people
Training centres in ACs without responsibility for training unemployed people
Enterprises
Training centres
CVT

4.2.1 The national vocational training and occupational integration plan (*Plan FIP*)

Plan FIP is funded from:

(i) training levy paid by companies and workers and collected together with social security contributions;

(ii) European Social Fund.

(i) The training levy

Where *Plan FIP* is administered within ACs, the criteria for the distribution of funds are based[48] on the percentage share for each AC of the total national number of recipients of unemployment benefit (Index A) and the total number of unemployed persons who do not receive unemployment benefit (Index B). The final index (Index C) is a weighted combination of Indices A and B, following the weight in the general planning of the number of students receiving and not receiving unemployment benefits; for 1997 those were 61.54% and 38.16% respectively. This weighting is established in conformity with *Plan FIP* and the data used comes from *INEM* statistics on registered unemployment and recipients of unemployment benefits in each territory for one full year.

At the end of the financial year, ACs must submit to the General Technical Secretariat (*Secretaria General Técnica*) of the Ministry of Labour and Social Affairs a comprehensive statement of recognised commitments and payments. The funds remaining within the budgets of the ACs, continue to be earmarked for the following financial year and may only be used for training activities set out in *Plan FIP*.

After the distribution criteria, percentages and amounts for the competent ACs are approved, their regulatory bodies adopt the procedure for planning and financing courses for unemployed people within their territory. The procedure for approving subsidies earmarked for collaborating training centres is initiated through a specific call for applications from the AC, which sets out the required conditions. After the time-limit for submission of applications has expired, the body issuing the call for applications chooses from among the training proposals presented by collaborating centres on the basis of their suitability in terms of target groups and training courses.

Where competence for the management of training for unemployed people has not been transferred to the ACs, or where the training is administered by *INEM*, the administrative procedure for the approval of the programmes is initiated through a call for applications issued by the Directorate General of *INEM*.[49] The programmes drawn up are proposals and are presented by the training centres (*INEM*'s own centres or the collaborating centres) within the time limit set in *INEM*'s call for applications. Each proposal must be accompanied by a programme description. The Director-General of *INEM* approves the programmes, with or without modifications, within one year of the call for applications, although approval does not automatically imply that the corresponding subsidy has been granted.

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[48] According to the Order of 22 May 1997, the Ministry of Labour and Social Affairs (BOE No. 133 of 4 June), stipulated, in Article 153 of the General Budget Law, that the corresponding Sectoral Conference would agree on the objective criteria for the distribution of appropriations for the implementation of the programmes of the autonomous communities and that the council of Ministers of the central government would lay down the financial commitments.

[49] The regional Directors of the National Institute for Employment have competence, within their territorial jurisdiction, to authorise expenditure and payment, where relevant, of the scholarships and support to students participating in training courses for the unemployed included in the programmes of the *Plan FIP*, and also to authorise the expenditure and payment, when arising, of the subsidies requested by the collaborating centres.

The size of the subsidy for courses held in collaborating centres is calculated on the basis of modules per student per course-hour taking into account the specific subject to be taught, level of the course and level of difficulty of the technology applied, and also whether the training activities take place on site or are distance courses. Students who leave courses because they find employment are counted as having completed the course.

The subsidy covers the costs of teaching staff, accident insurance for students, teaching aids and materials, depreciation of equipment and general expenses actually paid and justified. An amount of 10% may be added to this figure to cover expenditure in certain circumstances, but the subsidy can never exceed the expenditure level for the costs of the training. After approval of the subsidy and before the course starts, collaborating centres may be given an advance of up to 75% of the total subsidy; the remainder is paid on completion of the courses.

(ii) The European Social Fund

The initiatives implemented under *Plan FIP* come under Objectives 1, 2, 3 and 5b of the European Social Fund; thus these activities are eligible for co-financing.

In Objective 1 regions, a maximum of 75%, and as a general rule, a minimum of 50% of public expenditure can be supported. The contribution of the ESF can rise to a maximum of 80% of the total cost in Extremadura and 85% in the Canaries. In regions not covered by Objective 1, the ESF contribution is no more than 25% of the public contribution, a maximum of 50% in Objective 2 regions and 45% in Objectives 3 and 5b regions.

INEM receives ESF resources from the ESF administrative unit. ESF funding, together with the share of the training levy earmarked for training unemployed people, are paid directly to the collaborating centres within the ACs with no competence for managing occupational training. The training programmes funded take due account of the criteria laid down in the call for applications published by *INEM*. In those ACs with responsibility for the management of *Plan FIP*, *INEM* transfers the ESF funds and the training levy to the competent body within the AC which lays down the conditions that collaborating centres must fulfil in order to obtain the funds.

4.2.2 Training workshops and crafts training centres/programmes

Funding for training workshops and crafts training centres programmes comes from the following; the volume of these funds should under no circumstances exceed the cost of the training workshop/crafts training centre project.

(i) Training levy on workers and companies

Part of the training levy is earmarked for the training workshops and crafts training centres/programmes. Consequently, *INEM* (which receives these contributions from the General Social Security Treasury) earmarks a part of its budget for these centres in the

territorial scope of its competence. In the case of the ACs of Catalonia and Galicia, *INEM* transfers these funds to those regions.

Sponsoring agencies which want to set up a training workshop or crafts training centre and to apply for the corresponding subsidy must submit the following documentation to the Regional Directorate of *INEM* or the competent AC:

- application for approval of the training workshop or crafts training centre project stating the necessary subsidies;
- description of the project including the name of the training workshop or crafts training centre and sponsoring agency, objectives of the project, training plan, envisaged costs, subsidies applied for and financial contribution of the sponsoring agency, planned date of commencement and duration, together with a report on the employment prospects of the beneficiaries of the project;
- certification attesting that the sponsoring agency is aware of its financial obligations and social security requirements;
- accreditation that the sponsoring agency is not a profit-making organisation.

The Regional Directorate of *INEM* submits the above documentation to the General Directorate of *INEM* within 15 days for a decision on the viability of the project to be made within 12 months. If that time limit expires and the sponsoring agency has still not received the decision from the General Directorate of *INEM* it is understood that the application has been rejected. Otherwise, the sponsoring agency receives notification that the subsidy has been granted. The financial contribution from *INEM* to each training workshop or crafts training centre can only be used to meet the following costs:

(a) Education and training costs during all stages of the project, including: hiring of a director, teaching staff and support personnel, compensation for expenditure on accident insurance premiums covering students during the first stage, teaching aids, learning materials for training, depreciation of installations and equipment, travel for training purposes, office material and renting of equipment (excluding leasing).

The subsidy is calculated per training hour/student and by module and phase. Module A (first stage of initial training) covers the salary costs of the teaching staff and director, including the employer's social security contributions. Module B (alternance training stage) covers all other costs. The Order of 3 August 1994 (Official State Gazette No 191 of 11 August 1994) provides amounts for 1994, stating that this figure will be increased by 2% in the following years if no provisions to the contrary are made:

- First stage of initial training:
  - Module A: ESP 325 per hour/student;
  - Module B: ESP 198 per hour/student;

- Second stage of alternance training:
    - Module A: ESP 462 per hour/student;
    - Module B: ESP 198 per hour/student.

The amount of subsidy provided for in the first stage is equivalent to the calculation obtained by multiplying the value of Modules A and B by the number of students and by the total hours of training, on the basis of a full day. For the second stage, the amount of the subsidy is calculated in the same way, but the number of hours taken corresponds to a half-day;

(b) Costs arising from the exchange of students from training workshops or crafts training centres with other countries, as a result of European programmes.

(c) Scholarships for students during the first stage of vocational training, envisaged in the rules governing *Plan FIP*.

(d) Salary costs arising from work contracts signed with students in the second stage. During the first year of the contract *INEM* subsidises 70% of the minimum inter-occupational salary for workers above 18 and 80% of this salary in the second year. It also subsidises employers' contributions to social security, general and occupational contingencies and the social guarantee fund.

(ii) Support from the European Social Fund

The contribution from ESF to training workshop/crafts training centre programmes, covered by Objective 1, amounts to 75% of the total cost (80% in the regional programme of Extremadura and 85% in the regional programme of the Canaries). For programmes falling under Objective 3, the ESF contribution is 45% of the total cost. These resources are transferred to *INEM* which receives them from the Ministry of Labour and Social Affairs administrative unit of the ESF; *INEM* transfers those ESF resources together with the income from the training levy to the sponsoring agencies or competent ACs.

(iii) The financial contribution made by the sponsoring agency or other institutions or organisations

The sponsoring agency contributes a part of the funding for the training workshop or crafts training centre. This contribution is specified in the application presented to the Regional Directorate of *INEM* or competent AC and includes material goods (e.g., equipment), bank charges arising from a banker's reference, advances from banks or similar items and all expenses not covered by the organisations listed in the previous paragraphs.

(iv) Income from the goods produced in the course of training activities in the Training Workshops or Crafts Training Centres and sold later

In the course of their activities, the training workshops or crafts training centres produce goods which can be marketed. These goods may be sold if this does not lead to unfair

competition (i.e. when the product is sold for less than the costs of production). The income from these sales must be entered in the accounts and used for the activities of the training workshop or crafts training centre.

4.3 Funding levels for training for unemployed people

The following tables show the funding sources and levels of funding for the different programmes for training unemployed people. These funds are classified by programme for the years 1985, 1990 and the last three years where information was available.

4.3.1 The vocational training and occupational integration plan

Table 25 Funding of the Plan FIP (ESP million)

Source	1985[2]	1990[2]	1995	1996	1997
Training levy	560	78 445	68 089	68 089	68 038
ESF	-	51 385	53 615	54 712	54 800
Total[1]	560	129 830	121 704	122 801	122 838
ECU (million)[3]	3.3	777.3	728.7	735.3	735.5

Source: Budget Office.

1 In 1985, Spain did not receive assistance from the structural funds.

2 During this period, the *Plan FIP* included the training of workers in employment and unemployed persons.

3 ECU 1 = ESP 167.

From that total, budgets are transferred to ACs with responsibility for providing training for unemployed people.

Table 26 Budget appropriations transferred to autonomous communities (ESP million)

autonomous communities	1992	1993	1994	1995	1996	1997
Catalonia	11 521	5 737	7 656	9 423	9 903	9 548
Andalusia	no transfer	13 021	15 972	14 802	14 272	14 750
Valencia	no transfer	5 902	7 767	7 783	7 595	7 352
Galicia	no transfer	4 357	5 363	5 108	5 059	5 276
the Canaries	no transfer	no transfer	3 032	3 427	3 371	3 503
Navarra*	no transfer	no transfer	no transfer	no transfer	no transfer	no transfer
Total	11 521	29 018	39 792	40 545	40 201	40 430
ECU (million)	68.9	173.7	238.2	242.7	240.7	242.08

Source: *INEM*, ECU 1 = ESP 167.

* The transfer of competence did not come into effect until 1 January 1998.

4.3.2 The training workshop/crafts training centre programmes

Table 27 Funding of training workshops and crafts training centres (ESP million)

Source	1985	%	1990	%	1995	%	1996	%	1997	%
INEM [1]	1 295	90	51 388	90	41 545	90	41 688	90	47 441	90
ESF [2]	-	-								
Sponsoring agency [3]	144	10	5 709	10	4 616	10	4 635	10	5 271	10
Goods produced [4]										
Total	1 439	100	57 097	100	46 161	100	46 320	100	52 712	100
ECU (million) [5]	8.6	-	341.8	-	276.4	-	277.3	-	315.6	-

[1] Application of the general state budget. This includes the training levy and ESF funds received by *INEM*, except for 1985 when Spain did not receive ESF subsidies.

[2] This amount is included in the *INEM* amounts.

[3] The contribution from the sponsoring agency is habitually in kind (infrastructure, furniture, etc.). In this case we assumed 10% of the total cost. This is the percentage required by the ESF from profit-making bodies which wish to use ESF funds to defray the costs of vocational training activities.

[4] The regulatory provision states that income obtained from the sales of goods produced should be entered in the accounts; thus this amount becomes a part of the contribution made by the sponsoring agency. In order to avoid double entries, and as the previous line includes this amount of the resources, the contribution obtained from goods produced and sold has not been broken down in detail.

5 ECU 1 = ESP 167.

4.3.3 EU employment initiatives

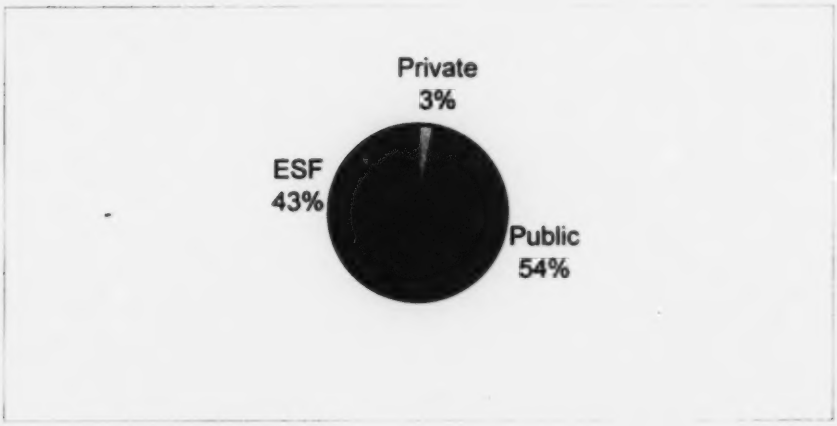
Table 28 Structural funds for the financing of EU employment initiatives (ECU million)

Initiative	Period	Planned budget
NOW	1994-99	370
HORIZON	1994-99	730
INTEGRA	1998-99	[1]
YOUTHSTART	1994-99	300

Source: Ministry of Labour and Social Affairs.

[1] The planned budget for the INTEGRA initiative is included in the HORIZON initiative.

Figure 12 Breakdown of funding for training for unemployed people, 1997



- These are approximate calculations based on the totals in the previous tables. While the percentages are fairly accurate, it is not possible to give correct total figures due to the complex structure of funding in Spain. The percentages are based on total funding of approximately ESP 175 830 million (ECU 1 053 million).

4.4 General conclusions

The gradual transfer of the management of training for unemployed persons to the ACs is an aspect to be noted, as there are variations between the ACs which acquire this competence for their territory.

The volume of resources earmarked for this type of training has grown considerably from the 1980s to the present, although it is the ESF contribution which has brought about this increase. The increase has enabled specific target groups who are disadvantaged on the labour market (such as women, young people, disabled people and migrants) to enter training. At the same time, a large volume of funds has been earmarked for funding VET schemes in the less developed regions of Spain. The co-financing of training activities by the ESF has in turn led to the need to adapt national legislation to the conditions and pre-requisites laid down by the EU for access to structural funds.

The existence of many different sources of financing (at European, national, regional, local, private level, etc.), however, generates some overlap in identifying the exact sources of funding for training for unemployed people. It is also difficult to say whether the funding of these initiatives is sufficient. Even if the budget for such programmes is rising, there will always be target groups which require more and better training, and overall needs will seldom be fully satisfied.

In many cases, the centres that provide training for unemployed people are private profit-making centres and fund their programmes through government subsidies. Obviously, the centre will earmark a part of these funds for its own profit, thus generating some over-costing and reducing the possibility of using these resources for training.

Another characteristic to be noted is that the programmes offered by these training centres tend to retain the inertia of the previous years. Training provision is often oriented more to the goal of getting a new contract for future schemes rather than of optimising the contents of the programmes and gearing them to the requirements of the labour market.

Part 5 The future of financing vocational education and training: trends and perspectives

The following tables give a summary of figures for the different VET sub-systems described in the different parts of this report:

Table 29 Participants in initial and continuing training and in training for unemployed people (number of persons)

	1990	1993	1994	1995
Initial[1]	857 246	878 183	836 239	782 870
Unemployed[2]	303 729	196 010	124 499	139 314
Continuing	[3]	364 361	693 729	828 399
	1 160 975	1 438 554	1 654 467	1 750 583

Source: Ministry of Education and Culture, *INEM* and *FORCEM*.

1 The decline in the number of participants is due to the fall in the birth rate.

2 This figure for 1990 includes participants in continuing training and training for unemployed people as both were regulated by the *FIP* Plan until 1993.

3 Included in the training for unemployed people for 1990.

Table 30 Total public resources assigned to vocational training (ESP million)

	1996	1997	1998
Central government			
Current transfers	*186 441*	*196 100*	*244 062*
- initial training[1]	18 228	16 491	17 349
- continuing training[2]	54 804	64 250	97 374
- training for unemployed[3]	113 409	115 359	129 339
Remaining transfers	*101 307*	*112 748*	*114 443*
Total	**287 748**	**308 847**	**358 505**
ECU (million)	**1 722.9**	**1 849.3**	**2 146.6**
Autonomous communities			
initial training	N/a	131 426	142 433
training for unemployed people	40 201	40 430	N/a
Total autonomous communities		**171 856**	**142 433**
ECU (million)		**1 029.1**	**852.9**

Source: Budget Office, ECU 1 = ESP 167.

1 This includes resources from the Ministry of Education and Culture.

2 This includes the training levy on workers and enterprises.

3 This includes the funds from the training levy earmarked for training for unemployed people programmes and training workshops and crafts training centres.

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Table 31 Total structural fund resources assigned to vocational training, 1997 (ESP million)

European Social Fund	157 963
European Regional Development Fund	27 172
Total	**185 135**
ECU (million)	**1 108.5**

Source: Commission of the European Communities (1994). ECU 1 = ESP 167.

Table 32 Total private resources assigned to vocational training, 1997 (ESP million)

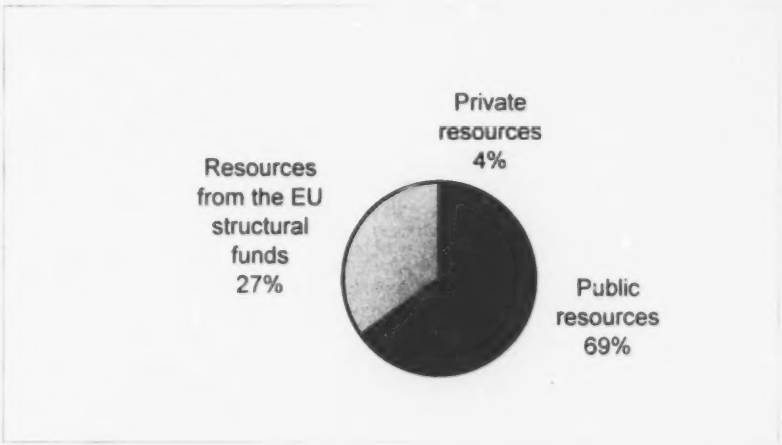
Initial training[1]	17 490
Training for unemployed people	0
Continuing training[2]	13 000
Total	**30 490**
ECU (million)	**182.56**

Source: Author's figures based on OECD (1997) and Alcaide et al. (1997).

1 According to the indicators published by the OECD (1997), private funds assigned to primary and secondary education amounted to 12.2% of the total financing.

2 In the application for financing based on the 1997 notice of subsidies issued by the Foundation for Continuing Training, the following is specified 'if the applicant company is required to allocate financial resources for the training envisaged by law, collective agreement or any other legal provision, the applicant shall indicate the total volume of financial resources earmarked for training. If the relevant provision envisages a percentage of the salary bill, the calculation shall be in ESP of the percentage estimate.' In this context, Alcaide et al. (1997) estimate that for the period 1994-97 52 000 ESP million of private funds were allocated to continuing training, a figure which produces an across the board estimate of ESP 13 000 million per year.

*Figure 13 Total distribution of funding for vocational education and training, 1997**



* These percentages are calculated on the basis of the figures in the previous tables. While many of the figures are estimates, adding together the totality of funding for vocational education and training gives a figure of ESP 691 775 million (ECU 4 142 million).

At present, all political parties and social partners agree that there is a strategic interest in regarding vocational training as a fundamental and effective policy instrument to tackle problems of unemployment and to improve employment stability. This has helped the negotiation and adoption, through consensus, of diverse measures that facilitate and regulate various training actions in Spain. This applies to, among other things, the establishment of the General Council for Vocational Training in (1996), the second *ANFC* (1996), the new national vocational training programme (1998) and the employment plan (1998). As a result, the activities of the different bodies responsible for training provision are now more coordinated.

Furthermore, as more importance is now given to vocational training, there has been a notable increase in the financial resources allocated to it during the last few years. This rise is reflected in the increased amount of national (public and private) and EU sources, partly due to the fact that EU rules demand co-financing. If a country wishes to receive a greater amount of structural fund resources, therefore, it has to make a greater effort to mobilise national resources. Through this, it has been possible to raise the number of participants in the various vocational training schemes in Spain.

A further factor is the extension of training provision for specific target groups which, traditionally, were excluded from such schemes. This applies to self-employed workers, women, immigrants, marginalised persons, etc.

As far as initial vocational training is concerned, the two existing systems will be continued side by side (Law 1970 and Organic Law 1/1990) until the timetable for the implementation of reforms, envisaged for the year 2002, has been completed.

Regarding the administration of initial vocational training, there are two types of ACs: those under Article 151 of the Constitution have full but not exclusive powers and responsibilities and directly administer education in their territory. These are Catalonia (1982), the Basque country (1981), Galicia (1983), Andalusia (1984), the Canaries (1984), the community of Valencia (1984) and Navarra (1990). The others, under Article 143 of the Constitution, are gradually being given these powers. During 1998 Aragon, La Rioja and the Balearic islands were given responsibility for education and initial training.

The structure of expenditure on initial vocational training has changed, as a result, and will continue as the decentralisation process is implemented. AC funding is likely to increase (at present it amounts to 60% of the total funding of public vocational education and training) while the share of the central administration (currently 40%) will decrease. Within these figures, there is also a steady rise in the volume of public subsidies to private vocational training centres (currently 65% of their total funding).

The characteristics of the current model of continuing vocational training, regulated by the second *ANFC* which will be in force till the year 2000, is influencing many other aspects of this type of training: duration of the schemes, modes of delivery, types of training centres, etc. Therefore, continuing training is currently more supply-driven than demand-driven, a

characteristic which will persist in the near future. Regarding the balance of responsibilities between central government and the ACs, Catalonia is pressing for authorisation to collect the training levy from its region.

With regard to vocational training for unemployed people, in 1998 Catalonia and Galicia were the first to receive from *INEM* competence for management in the fields of employment, labour and training. They now exercise management and control of the training workshop/crafts training centre programmes in their territory. It is likely that in the near future, competence for this as well as for other areas of occupational vocational training will be transferred to other ACs. It is also expected that the number of ACs with competence for the management of other occupational vocational training will rise. At the current time, competence for this area has been transferred to the following communities: Catalonia, Valencia, Galicia, the Canaries, Andalusia, Navarra, the Basque country, Extremadura, Aragon, the Balearic islands, Castilla La Mancha and Madrid.

In the European Union, new prospects for vocational education and training will be opened through the third reform of the objectives of the structural funds presented by the European Commission in July 1997 in the communication Agenda 2000: for a stronger and wider Europe' addressed to the European Parliament, to the Member States and to the candidate countries for accession. In this communication strategies and guidelines for the development of the EU, its policies and the financial framework for 2000-06 are defined. The Communication encourages imminent changes through a structural policy which will simplify current measures and increase their concentration and efficiency. The present number of objectives will be reduced to three, two of which will be regional and one horizontal (based on human resources). Objective 1 will cover less developed regions, Objective 2 regions with re-structuring needs, and Objective 3 will cover the entire territory of the EU with the aim of promoting the development of human resources (initiatives on employment, training and education). According to the projections of the Commission, from the present to the year 2006 the regions covered by these objectives will contain 35-40% of the EU population, as against 51% at the moment. There will also be a reduction in the number of EU initiatives, and resources assigned to these initiatives will drop from 9% to 5% of the structural funds.

This will lead to considerable changes in Spain, as certain regions which, up to the year 1999, are eligible for aid under Objectives 2 and 5b, will no longer be eligible under the future selection criteria for the new Objective 2. As a result, it is likely that the volume of resources from the structural funds allocated to Spain will decline, and that this will imply a smaller number of vocational training initiatives and will lead to a reduction in the number of participants benefiting from these schemes.

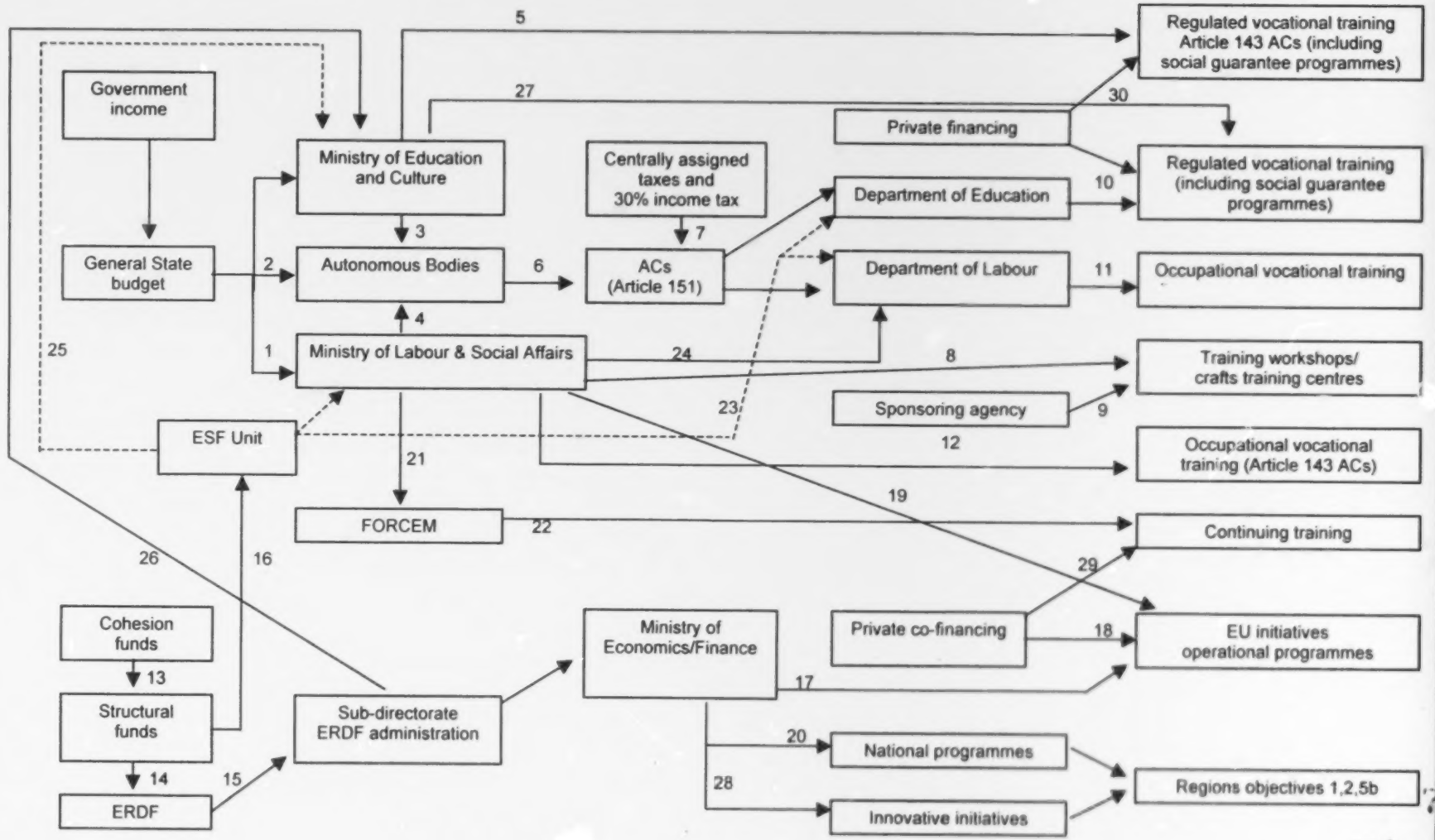
On 20 and 21 November 1997, at the Luxembourg European Council on Employment, the Heads of State or Government of countries in the EU committed themselves to increasing training for at least 20% of unemployed people (especially young people under 25 and the long-term unemployed). Each Member State was asked to set a target, starting from the

current situation, which would enable it to progressively reach, in the next five years, the average of the three Member States which had obtained the best results in this field.

There was one exception, however: the Spanish government opposed this commitment arguing that Spain had a far higher unemployment level than the EU average and it would be very costly and difficult to set such targets for young people and the long-term unemployed. For this reason, it won an opt-out clause for Spain. This provoked sharp criticism from the trade unions which, together with the opposition parties, censured the action of the Spanish government. Later the Prime Minister promised to include the commitments of the Luxembourg Summit in the National Action Plan for Employment (approved in April 1998), taking account of the situation on the labour market and the economic, employment and budget situation, but without defining either the level of investment or the time-limits within which Spain would fulfil the agreements, which the other countries had set at five years.

All the factors presented above show that there are new trends and perspectives which could change the present system of VET funding in Spain A diagram with explanatory notes of the whole Spanish training system follows.

Figure 14 *Financial flows for vocational education and training*



This figure does not include the communities of the Basque country and Navarra, which have a different financial arrangement.

1 The training levy is paid by employers and workers and collected together with the social security contributions. This contribution is 0.7% of the base taken for industrial accidents and occupational diseases. It is earmarked for training for unemployed people and continuing training.

2 The Organic Law on the financing of the ACs lays down a share of the total sum of non-transferred government taxes, called share of state income (*Participación en los Ingresos del Estado – PIE*), based on a number of criteria: inhabitants, territorial area, administrative units, relative poverty, level of tax revenue and insularity (in the case of the Canaries and the Balearic islands).

3 Since 1986, the financing of the ACs dependent on the general State budgets is based on the concept of 'equivalent expenditure' (*Gasto Equivalente*). This means that the amounts transferred to the ACs rise at the same rate as the expenditure of the Ministries for the same function in the event that GDP growth or tax revenue are lower.

4 The criteria for the distribution of funds to the Article 151 ACs originating from the general State budget and their share of the training levy and ESF subsidies, is based on each ACs percentage share of the total number of unemployment benefit recipients (Index A) and of the total number of unemployed persons not receiving unemployment benefits, after adding the job-seekers registered with the authorised employment agencies and an appropriate share of the special agricultural social security regime (index B). The final index (C) is a weighted combination of Indices A and B, depending on the proportion of students receiving unemployment benefits and students not receiving unemployment benefits in the general planning.

5 Resources from the Ministry of Education and Culture earmarked for 'regulated' initial vocational training in those ACs which have no competence for education as they fall under Article 143 of the Constitution. This funding comes from the budget allocated to this Ministry together with the amounts provided by the ESF and ERDF. The social guarantee programmes are included in 'regulated' vocational training.

6 The ACs covered by Article 151 of the Constitution have powers and responsibilities for education. A part of their funding comes from the general State budgets.

7 For the period 1997-2001, the funds for the Article 151 ACs come from 30% of the income tax revenue collected from the residents of each AC, transferred taxes, and a share of the general revenue of the State (See point 6).

8 The Ministry of Labour and Social Affairs transfers to *INEM* the budget appropriations for the training workshops and crafts training centres, together with the ESF support granted for this purpose.

9 The legislation governing the training workshops and crafts training centres requires the sponsoring agencies of these programmes to contribute a part of the necessary funds.

10 The amount assigned to 'regulated' vocational training (including social guarantee programmes) in the Article 151 ACs. Their financing comes from transfers from the Ministry of Education and Culture, ESF and ACs' own budgets.

11 The financing of training for unemployed people in Article 151 ACs comes from the training levy, the budget appropriation of the community and the ESF contribution (see points 23 and 24).

12 Training for unemployed people in Article 151 ACs is financed by a part of the training levy, the social guarantee programmes and ESF co-financing.

13 The EU cohesion funds earmarked for vocational training are included in the structural funds, i.e. ESF and ERDF.

14 ERDF is the structural fund for contributing to and supporting the investment required for the development of regions that are lagging behind or have specific problems. Among other measures, it participates in the financing of investment in the education sector in the regions and within the objectives assigned to it.

15 The management of ERDF in Spain is entrusted to the Ministry of Economics and Finance through the General Sub-Directorate for the Administration and Management of the ERDF.

16 The Ministry of Labour and Social Affairs is, via the administrative unit, the body responsible for the processing of the aids requested from the ESF.

17 The applications for ESF and ERDF support are presented jointly on separate forms for each Fund to the ESF Administrative Unit. The ERDF applications are forwarded to the Sub-Directorate General for the Administration and Management of the ERDF which co-ordinates the selection of projects. Once the projects have been approved, the financial management is carried out separately for each Fund, the follow-up of the projects is co-ordinated by the Monitoring Committee (*Comité de Seguimiento*).

18 In some cases the participation of private bodies is compulsory.

19 As point 17.

20 The national programmes, co-financed by the ERDF, implement the development strategies agreed upon by the Member States and the European Commission in the EU Support Frameworks and the Single Programming Documents for the regions declared eligible under structural Objectives 1, 2 and 5b.

21 *FORCEM* receives from *INEM* the training levy allocated to continuing training plus the resources from the EU structural funds assigned to the training of workers in employment.

22 *FORCEM* assigns its resources to the continuing training of workers in employment. It operates at national level.

23 ESF funds earmarked specifically for training for unemployed people and 'regulated' vocational training programmes at autonomous (regional) level.

24 ESF funds intended for multi-annual training programmes for unemployed people in the Article 151 ACs. The criteria for distribution is given in detail in number 4 above.

25 ESF funds earmarked for 'regulated' vocational training in the Article 143 ACs.

26 ERDF funds intended for 'regulated' vocational training.

27 The Ministry of Education and Culture funds earmarked for scholarships to trainees in 'regulated' vocational training in the Article 151 ACs.

28 ERDF finances innovative initiatives; these are studies and pilot projects set out in Article 10 of the ERDF Regulation.

29 *FORCEM* examines and carries out the technical assessment of applications for aid; it does not require proposals to include private contributions but takes a favourable view of such proposals.

30 Private financing comes mostly from families and, to a lesser extent, from private institutions or companies. These resources are mostly used to cover expenditure arising in the private vocational training centres. In the public centres part of the private income is used to supplement public expenditure.

Annex 1 Legal provisions

General Council for Vocational Training:

- Law 1/1986 of 7 January 1956 establishing the General Council for Vocational Training.
- Law 19/1997, of 9 June 1997 partially amending the composition of the General Council for Vocational Training.

Initial vocational training:

- Law 14/1970 of 6 August1970, on General Law on Education and the Financing of the Educational Reform.
- Organic Law 8/1985 on the Right to Education.
- Organic Law 1/1990 3 October 1996 on the General Regulation of the Education System.
- Royal Decree 1345/1991 of 6 September 1991 of the Ministry of Education and Culture establishing the curriculum of Statutory Secondary Education.
- Order of 12 January 1993 regulating the social guarantee programmes during the anticipated period of establishment of the second cycle of Statutory Secondary Education.

Continuing vocational training:

- Order of the Ministry of Labour and Social Security of 31 July 1985 adopting the bases of the National Vocational Training and Occupational Integration Plan.
- Resolution of the Directorate of Labour of 25 February 1993 adopting the establishment and publication of the first National Agreement on Continuing Training.
- Resolution of the General Directorate of Labour and Migration of 14 January 1997 adopting the establishment and publication of the second National Agreement on Continuing Training.
- Resolution of the Sub-Secretariat of the Ministry of Labour and Social Affairs 28 April 1997 adopting the publication of the Tripartite Agreement on Continuing Training.
- Resolution of the State Secretariat for Public Administration of 3 February 1997 adopting the publication of the second National Agreement on Continuing Training for the Public Administrations.

Occupational vocational training:

- Order of the Ministry of Labour and Social Affairs of 31 July 1985 adopting the bases of the National Vocational Training and Occupational Integration Plan.
- Order of the Ministry of Labour and Social Affairs of 29 March 1988 regulating the training workshop and crafts training centre programmes.
- Order of 3 August 1994 regulating the Training Workshops and Crafts Training Centres, the Promotion and Development Units and the Centres for Company Initiatives and establishing the regulatory bases for the granting of public subsidies to these programmes.
- Resolution of the National Institute for Employment of 7 July 1995 on the application and implementation of the Ministerial Order of the Ministry of Labour and Social Affairs of 3 August 1994.
- Order of the Ministry of Labour and Social Affairs of 20 September 1995 regulating the National Vocational Training and Occupational Integration Plan.

Annex 2 Glossary of abbreviations, acronyms and terms

AC	Autonomous Community
AES	*Acuerdo Económico Social* Economic Social Agreement
ANFC	*Acuerdo Nacional de Formación Continua* National Agreement on Continuing Training
BOE	*Boletín Oficial del Estado* Official State Gazette
CO	*Comisiones Obreras* Workers' Trade Union
CEDEFOP	European Centre for the Development of Vocational Training
CEOE	*Confederación Española de Organizaciones Empresariales* Spanish Confederation of Employers' Organisations
CEPYME	*Confederación Española de la Pequeña y Mediana Empresa* Spanish Confederation of Small and Medium-sized Enterprises
CIG	*Confederación Intersindical Gallega* Galician Trade Union Confederation
CSF	Community Support Framework
EAGGF	European Agricultural Guidance and Guarantee Fund
EGB	*Educación General Básica* Basic General Education
EPA	*Encuesta de Población Activa* Working Population Survey
ERDF	European Regional Development Fund
ESF	European Social Fund
ESO	*Educación Secundaria Obligatoria* Compulsory Secondary Education
FORCEM	*Fundación para la Formación Continua* Foundation for Continuing Training
FP	*Formación Profesional* Vocational Training
FP 1	*Formación Profesional de primer grado* First-level vocational training
FP 2	*Formación Profesional de segundo grado* Second-level vocational training
FPC	*Formación Profesional Continua* Continuing Vocational Training
FPI	*Formación Profesional Inicial* Initial Vocational Training
FPO	*Formación Profesional Ocupacional* Occupational Vocational Training

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GDP	Gross Domestic Product
IES	*Instituto de Educacion Secondaria* Institutes of Secondary Education
INE	*Instituto Nacional de Estadistica* National Statistical Institute
INEM	*Instituto Nacional de Empleo* National Institute for Employment
LODE	*Ley Orgánica del Derecho a la Educación* Organic Law on the Right to Education
LOFCA	*Ley Orgánica de Financiación de las Comunidades Autónomas* Organic Law on Financing of the autonomous communities
LOGSE	*Ley Ordenación General del Sistema Educativo* Law on the General Regulation of the Education System
MEC	*Ministerio de Educación y Cultura* Ministry of Education and Culture
ECU (million)	Mega Ecus Million ECUS
MTAS	*Ministerio de Trabajo y Asuntos Sociales* Ministry of Labour and Social Affairs
PGE	*Presupuesto General del Estado* General state budget
PGS	*Progama de Garantía Social* Social Guarantee Programme
PIE	*Participación en los Ingresos del Estado* Share of State Income
Plan FIP	*Plan Formación Inserción Profesional* Vocational Training and Occupational Integration Plan
PYME	*Pequeña y Mediana Empresa* Small and Medium-sized Enterprise
R&D	Research and Development
REASS	*Régimen Especial Agrario de la Seguridad Social* Special Agricultural Social Security Regime
SPD	Single Programming Document
TGSS	*Tesorería General de la Seguridad Social* General Social Security Treasury
UAFSE	*Unidad Administradora del Fondo Social Europeo* Administrative Unit of the European Social Fund
UGT	*Unión General de Trabajadores* General Workers Union

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The financing of vocational education and training in Spain

Financing portrait

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The financing of vocational education and training in Spain

Financing portrait

This report is the Spanish contribution to Cedefop's series of portraits on the financing of vocational education and training (VET) within EU Member States.

The training system within Spain has altered significantly over recent years for a number of reasons. Spain's entry into the European Union in 1986 led to the adaptation of national legislation to ensure access to the structural funds and to reduce the gap between EU unemployment rates and those in Spain. At the national level, greater emphasis has been placed on increasing the skills and qualifications of the workforce to improve the competitiveness of enterprises. The structure of the training system is undergoing a process of change through public sector decentralisation to the regions and, for continuing training, an enhanced role for the social partner organisations.

This report describes the funding of VET between 1986 and 1998. It outlines the different funding sources and distribution mechanisms for initial and continuing vocational training as well as training for unemployed people. Background information on the political, economic and administrative structure is given and the trends in funding and future perspectives are discussed. This report provides a useful guide to the way training is financed in Spain.

Dr Esteve Oroval, Dra Teresa Torres,
with the collaboration of Mr Francesc Colomer

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